

# ACCOUNTANT'S REPORT

61

Accountant's report

29 March 2000

The Board of Directors  
BHLB Pacific Trust Management Berhad  
52 & 54, Jalan SS21/39  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs,

## INTRODUCTION

- 1 We, as Reporting Accountants of BHLB Pacific Double Growth Fund, BHLB Pacific Emerging Companies Growth Fund, BHLB Pacific Savings Fund, BHLB Pacific High Growth Fund, BHLB Pacific Dana Al-Ihsan and BHLB Pacific Trust Management Berhad ('the Company'), have prepared this Report for inclusion in the Prospectus to be dated 29 April 2000 in connection with the offer of units in these Funds. We are the Reporting Accountants and auditors of the Company and the funds managed by the Company except for BHLB Pacific Bond Fund, which is audited and reported by KPMG.
- 2 The Funds currently managed by the Company are as follows:
  - (i) BHLB Pacific Double Growth Fund ('DGF') was established under a Trust Deed dated 12 April 1991 as amended by Supplemental Trust Deeds dated 13 August 1991, 11 January 1992, 3 November 1993, 3 May 1994, 30 July 1998 and 5 October 1999.
  - (ii) BHLB Pacific Emerging Companies Growth Fund ('ECO') was established under a Trust Deed dated 5 May 1994 as amended by Supplemental Trust Deed dated 13 May 1998.
  - (iii) BHLB Pacific Savings Fund ('SF') was established under a Trust Deed dated 4 August 1995 as amended by Supplemental Trust Deeds dated 30 July 1998 and 5 October 1999.
  - (iv) BHLB Pacific High Growth Fund ('HGF') was established under a Trust Deed dated 25 September 1995 as amended by Supplemental Trust Deeds dated 30 July 1998 and 5 October 1999.
  - (v) BHLB Pacific Dana Al-Ihsan ('DALI') was established under a Trust Deed dated 30 April 1998.
  - (vi) BHLB Pacific Bond Fund ('BOF') was established under a Trust Deed dated 9 July 1999.

## 3 PRICES OF UNIT AND NET ASSET VALUE PER UNIT

At the date of this report, the latest published buying and selling prices of units and net asset value per unit in DGF, ECO, SF, HGF and DALI on 29 March 2000 being the last practical date prior to the date of this Report were as follows:

Fund	Buying price per unit RM	Selling price per unit RM	Net asset value per unit RM
DGF	0.92	0.97	0.92
ECO	1.27	1.35	1.27
SF	1.13	1.20	1.13
HGF	1.15	1.22	1.15
DALI	1.44	1.53	1.44

## 4 DISTRIBUTION

Details of income distribution together with the buying and selling prices at the date of distribution made by DGF, ECO, SF, HGF and DALI for the past five financial years are set out below:

Date of distribution	Gross dividend per unit Sen	Amount of distribution (Gross) RM	Buying price per unit (xd) RM	Selling price per unit (xd) RM
<b>DGF</b>				
28 April 1995	6.00	26,946,000	0.74	0.79
30 April 1996	5.00	23,200,000	0.82	0.87
31 October 1996	3.00	14,271,000	0.82	0.87
30 April 1997	6.00	30,000,000	0.72	0.77
<b>ECO</b>				
29 December 1995	5.00	16,503,500	0.82	0.87
28 June 1996	3.00	10,200,000	0.91	0.96
31 December 1996	6.00	21,240,000	0.94	0.99
<b>SF</b>				
18 September 1998	3.50	3,997,805	0.59	0.64
<b>HGF</b>				
6 June 1997	5.00	4,475,000	0.93	0.98
<b>DALI</b>				
There has been no income distribution made by DALI since its establishment.				

## 5 UNITS SPLIT

Details of units split made by DGF, ECO, SF, HGF and DALI for the past five financial years are set below.

Date of units split	Rate of units split
<b>DGF</b>	
No units split for the past five financial years.	
<b>ECO</b>	
30 June 1995	1 : 10
30 June 1996	1 : 50
22 July 1999	15 : 100
<b>SF</b>	
12 August 1996	13 : 100
21 March 1997	6 : 50
25 June 1999	15 : 100
<b>HGF</b>	
30 April 1996	1 : 10
31 October 1996	1 : 20
19 August 1999	1 : 5
<b>DALI</b>	
26 January 1999	1 : 4
15 June 1999	1 : 4

## INFORMATION ON THE FUNDS

### 6 BHLB Pacific Double Growth Fund

#### (a) Audited accounts

The accounts of DGF for the financial years ended 30 April 1995, 30 April 1996, 30 April 1997, 30 April 1998 and 30 April 1999 were audited and reported on by us without any qualification.

#### (b) Statements of income and expenditure

The extract of the financial results of DGF based on audited accounts for the financial years ended 30 April are as follows:

	Note	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Investment income/(loss)	(i)	20,966	(11,451)	48,932	(58,229)	(19,700)
Expenses	(ii)	(5,688)	(6,443)	(6,694)	(4,709)	(3,661)
Net income/(loss) before taxation		15,278	(17,894)	42,238	(62,938)	(23,361)
Taxation		(1,354)	(2,054)	(2,047)	(3,872)	364
Net income/(loss) after taxation		13,924	(19,948)	40,191	(66,810)	(22,997)
Dividend equalisation		37,930	1,797	1,868	(749)	-
Undistributed net income/ (accumulated losses)		51,854	(18,151)	42,059	(67,559)	(22,997)
Undistributed net income brought forward		39,991	43,106	4,883	4,532	(63,027)
Prior year adjustments	(iii)	-	1,074	-	-	-
Net distribution for the year		(48,739)	(21,146)	(42,410)	-	-
Undistributed net income/ (accumulated losses) carried forward		43,106	4,883	4,532	(63,027)	(86,024)
<i>Note:</i>						
(i)	Investment income/(loss) consists of:					
	Gross dividends	1,917	3,996	3,584	4,808	2,557
	Interest income	3,264	5,414	5,752	8,038	6,313
	Net profit/(loss) on sale of investments	15,785	(21,024)	39,596	(73,039)	(30,012)
	Other income	-	163	-	1,964	1,442
		20,966	(11,451)	48,932	(58,229)	(19,700)
(ii)	Expenses consist of:					
	Trustee's fees	603	712	454	296	189
	Manager's fees	4,521	5,340	5,636	4,245	3,300
	Audit fee	5	5	6	7	7
	Unrealised foreign exchange loss	223	-	215	-	-
	Other expenses	336	386	383	161	165
		5,688	6,443	6,694	4,709	3,661
(iii)	The prior year adjustments for the year ended 30 April 1996, are in respect of the following:					
					RM'000	
	Change in brokerage rebate rates with effect from September 1994				851	
	Foreign exchange differences on foreign investments				223	
					1,074	

(c) **Statements of assets and liabilities**

The extract of the statements of assets and liabilities of DGF based on audited accounts as at 30 April are as follows:

	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
<b>ASSETS</b>					
Quoted investments	291,136	279,760	271,250	133,452	259,168
Unquoted investments	-	12,241	33,308	20,842	19,101
Liquid assets	54,814	90,519	59,274	91,709	9,482
Other assets	2,081	7,761	15,282	2,425	10,789
<b>Total assets</b>	<b>348,031</b>	<b>390,281</b>	<b>379,114</b>	<b>248,428</b>	<b>298,540</b>
<b>LIABILITIES</b>					
Creditors and accruals	6,455	7,693	9,903	10,046	7,636
Dividend payable	26,329	21,146	29,220	-	-
<b>Total liabilities</b>	<b>32,784</b>	<b>28,839</b>	<b>39,123</b>	<b>10,046</b>	<b>7,636</b>
<b>Unitholders' fund</b>	<b>315,247</b>	<b>361,442</b>	<b>339,991</b>	<b>238,382</b>	<b>290,904</b>
<b>Units in circulation ('000)</b>	<b>449,100</b>	<b>464,000</b>	<b>500,000</b>	<b>546,559</b>	<b>531,874</b>
<b>Net asset value per unit (RM)</b>	<b>0.70</b>	<b>0.78</b>	<b>0.68</b>	<b>0.44</b>	<b>0.55</b>
<b>Brokerage fees paid to brokers</b>	<b>8,835</b>	<b>7,794</b>	<b>6,248</b>	<b>2,595</b>	<b>1,714</b>

## 7 BHLB Pacific Emerging Companies Growth Fund

65

Accountant's report

### (a) Audited accounts

The accounts of ECO for the financial period from 10 May 1994 (date of establishment) to 30 June 1995 and financial years ended 30 June 1996, 30 June 1997, 30 June 1998 and 30 June 1999 were audited and reported on by us without any qualification.

### (b) Statements of income and expenditure

The extract of the financial results of ECO based on audited accounts for the financial period ending and financial years ended 30 June are as follows:

	Note	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Investment income/(loss)	(i)	14,643	9,806	32,200	(18,330)	(5,488)
Expenses	(ii)	(2,209)	(4,566)	(5,031)	(3,768)	(4,088)
Net income/(loss) before taxation		12,434	5,240	27,169	(22,098)	(9,576)
Taxation		(788)	(2,501)	(2,391)	(3,817)	109
Net income/(loss) after taxation		11,646	2,739	24,778	(25,915)	(9,467)
Dividend equalisation		13,495	4,165	1,042	135	-
Undistributed net income/ (accumulated losses)		25,141	6,904	25,820	(25,780)	(9,467)
Undistributed net income brought forward		-	25,141	7,925	13,691	(12,089)
Prior year adjustments	(iii)	-	82	-	-	-
Net distribution for the period/year		-	(24,202)	(20,054)	-	-
Undistributed net income/ (accumulated losses) carried forward		25,141	7,925	13,691	(12,089)	(21,556)
<b>Note:</b>						
(i)	Investment income/(loss) consists of:					
	Gross dividends	579	2,903	2,372	2,972	4,367
	Interest income	2,245	7,537	8,860	13,333	7,364
	Net profit/(loss) on sale of investments	11,819	(650)	20,968	(36,291)	(17,946)
	Other income	-	16	-	1,656	727
		14,643	9,806	32,200	(18,330)	(5,488)
(ii)	Expenses consist of:					
	Trustee's fees	48	58	62	55	56
	Manager's fees	2,356	4,176	4,819	3,628	3,916
	Audit fee	4	10	5	8	8
	Unrealised foreign exchange gain	(323)	-	-	-	-
	Other expenses	124	322	145	77	108
		2,209	4,566	5,031	3,768	4,088
(iii)	This includes prior year adjustments for the year ended 30 June 1996, in respect of the following:					
					RM'000	
	Change in brokerage rebate rates				405	
	Foreign exchange differences on foreign investments				(323)	
					82	

(c) **Statements of assets and liabilities**

The extract of the statements of assets and liabilities of ECO based on its audited accounts as at 30 June are as follows:

	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
<b>ASSETS</b>					
Quoted investments	143,329	175,265	195,745	53,129	343,271
Unquoted investments	-	20,470	44,072	18,918	27,282
Liquid assets	82,424	113,598	82,425	134,306	19,282
Other assets	25,415	8,477	3,279	3,554	14,445
<b>Total assets</b>	<b>251,168</b>	<b>317,810</b>	<b>325,521</b>	<b>209,907</b>	<b>404,280</b>
<b>LIABILITIES</b>					
Creditors and accruals	7,187	9,750	7,567	7,256	14,411
Distribution payable	-	8,588	-	-	-
	7,187	18,338	7,567	7,256	14,411
Unitholders' fund	243,981	299,472	317,954	202,651	389,869
Units in circulation ('000)	287,815	346,800	372,500	385,048	383,093
Net asset value per unit (RM)	0.85	0.86	0.85	0.53	1.03
Brokerage fees paid to brokers	4,263	2,516	1,724	480	2,229

## 8 BHLB Pacific Savings Fund

67

Accountant's report

### (a) Audited accounts

The accounts of SF for the financial period from 4 August 1995 (date of establishment) to 31 August 1996, the financial years ended 31 August 1997, 31 August 1998 and 31 August 1999 were audited and reported on by us without any qualification.

### (b) Statements of income and expenditure

The extract of the financial results of SF based on audited accounts for the financial period ending and the financial years ended 31 August are as follows:

	Note	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Investment income/(loss)	(i)	218	568	(1,173)	17,638
Expenses	(ii)	(127)	(314)	(938)	(1,993)
Net income/(loss) before taxation		91	254	(2,111)	15,645
Taxation		(24)	(101)	(1,113)	486
Net income/(loss) after taxation		67	153	(3,224)	16,131
Dividend equalisation		96	3,786	3,287	3,452
Undistributed net income		163	3,939	63	19,583
Undistributed net income brought forward		-	163	4,102	4,165
Undistributed net income carried forward		163	4,102	4,165	23,748
<b>Note:</b>					
(i)	Investment income/(loss) consists of:				
	Gross dividends	17	154	451	1,482
	Interest income	77	424	3,658	2,618
	Net profit/(loss) on sale of investments	124	(10)	(5,314)	13,298
	Other income	-	-	32	240
		218	568	(1,173)	17,638
(ii)	Expenses consist of:				
	Trustee's fee	2	9	29	42
	Manager's fee	41	231	835	1,868
	Audit fee	2	3	11	8
	Other expenses	82	71	63	75
		127	314	938	1,993

### (c) Statements of assets and liabilities

The extract of the statements of assets and liabilities of SF based on audited accounts as at 31 August are as follows:

	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
<b>ASSETS</b>				
Quoted investments	2,520	17,111	13,577	140,572
Unquoted investments	-	386	-	13,207
Liquid assets	1,933	15,458	51,576	30,446
Other assets	580	8,772	2,872	10,951
Total assets	5,033	41,727	68,025	195,176
<b>LIABILITIES</b>				
Creditors and accruals	393	1,331	2,236	4,054
Unitholders' fund	4,640	40,396	65,789	191,122
Units in circulation ('000)	5,000	54,300	113,537	216,552
Net asset value per unit (RM)	0.93	0.74	0.58	0.89
Brokerage fees paid to brokers	83	324	378	1,920

## 9 BHLB Pacific High Growth Fund

### (a) Audited accounts

The accounts of HGF for the financial period from 28 September 1995 (date of establishment) to 31 October 1996, the financial years ended 31 October 1997, 31 October 1998 and 31 October 1999 were audited and reported on by us without any qualification.

### (b) Statements of income and expenditure

The extract of the financial results of HGF based on audited accounts for the financial period ending and the financial years ended 31 October are as follows:

	Note	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Investment income/(loss)	(i)	1,201	(1,496)	(6,390)	34,747
Expenses	(ii)	(390)	(1,068)	(1,946)	(4,661)
Net income/(loss) before taxation		811	(2,564)	(8,336)	30,086
Taxation		(204)	(418)	(462)	(1,248)
Net income/(loss) after taxation		607	(2,982)	(8,798)	28,838
Dividend equalisation		557	6,936	46	5,766
Undistributed net income/ (accumulated losses)		1,164	3,954	(8,752)	34,604
Undistributed net income/ (accumulated losses) brought forward		-	1,164	775	(7,977)
Net distribution for the year		-	(4,343)	-	-
Undistributed net income/ (accumulated losses) carried forward		1,164	775	(7,977)	26,627
<i>Note:</i>					
(i)	Investment income/(loss) consists of:				
	Gross dividends	119	704	1,111	3,561
	Interest income	652	1,607	7,986	3,177
	Profit/(loss) on sale of investments	429	(4,057)	(15,849)	27,499
	Other income	1	250	362	510
		1,201	(1,496)	(6,390)	34,747
(ii)	Expenses consist of:				
	Trustee's fees	12	28	42	60
	Manager's fees	297	926	1,832	4,515
	Audit fee	4	6	7	7
	Other expenses	77	108	65	79
		390	1,068	1,946	4,661

### (c) Statements of assets and liabilities

The extract of the statements of assets and liabilities of HGF based on audited accounts as at 31 October are as follows:

	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
<b>ASSETS</b>				
Quoted investments	18,950	45,579	88,555	384,723
Unquoted investments	-	6,365	3,449	12,140
Liquid assets	9,006	46,901	58,177	37,957
Other assets	3,191	6,646	5,509	17,585
Total assets	31,147	105,491	155,690	452,405
<b>LIABILITIES</b>				
Creditors and accruals	1,642	3,530	5,254	7,734
Unitholders' fund	29,505	101,961	150,436	444,671
Units in circulation ('000)	31,815	152,227	257,034	547,846
Net asset value per unit (RM)	0.93	0.67	0.58	0.82
Brokerage fees paid to brokers	308	1,361	1,762	4,393



## 10 BHLB Pacific Dana Al-Ihsan

### (a) Audited accounts

The accounts of DALI for the financial period from 7 May 1998 (date of establishment) to 31 May 1999 was audited and reported on by us without any qualification.

### (b) Statements of income and expenditure

The extract of the financial results of DALI based on audited accounts for the financial period ending 31 May is as follows:

	Note	1999 RM'000
Investment income	(i)	2,769
Expenses	(ii)	(372)
Net income before taxation		2,397
Taxation		(61)
Net income after taxation		2,336
Dividend equalisation		1,867
Undistributed net income		4,203
Undistributed net income brought forward		-
Net distribution for the year		-
Undistributed net income carried forward		4,203
<i>Note:</i>		
(i)	Investment income consists of:	
	Gross dividends	268
	Profit from short term investments	497
	Profit on sale of quoted investments	1,998
	Profit on sale of unquoted investments	5
	Other income	1
		2,769
(ii)	Expenses consist of:	
	Trustee's fees	17
	Manager's fees	327
	Audit fee	6
	Other expenses	22
		372

### (c) Statements of assets and liabilities

The extract of the statements of assets and liabilities of DALI based on audited accounts as at 31 May is as follows:

	1999 RM'000
<b>ASSETS</b>	
Quoted investments	50,977
Unquoted investments	4,470
Liquid assets	7,733
Other assets	3,865
Total assets	67,045
<b>LIABILITIES</b>	
Creditors and accruals	2,732
Unitholders' fund	64,313
Units in circulation ('000)	53,637
Net asset value per unit (RM)	1.21
Brokerage fees paid to brokers	532

## 11 Summary of significant accounting policies of the Funds

(a) **Basis of accounting**

The accounts have been prepared under the historical cost convention in accordance with the applicable approved accounting standards in Malaysia modified by the revaluation of investments in accordance with the Securities Commission Guidelines on Unit Trust Funds.

(b) **Investments**

Quoted investments were valued at the last dealt price quoted on The Kuala Lumpur Stock Exchange at the date of the statement of assets and liabilities, in accordance with the Deed of Trust. Surplus or deficit on revaluation is transferred to the Investment Fluctuation Reserve.

Unquoted Private Debt Securities issued by Malaysian Corporations and rated by the Rating Agency of Malaysia are valued at cost adjusted for amortisation of any premium or accretion of discount over their par values at the time of acquisition. The premium or discount is amortised or accreted on a straight line basis over the remaining term of the security from the date of acquisition.

In circumstances where the market rate of return changes significantly, the value of the security is adjusted to reflect its fair value using the Net Present Value method.

Surplus or deficit on revaluation is transferred to the Investment Fluctuation Reserve.

(c) **Dividend income**

Dividend income is recognised on the ex-dividend date.

(d) **Interest income**

Interest income is recognised on the accruals basis.

(e) **Profit/(loss) on sale of investments**

Sales proceeds are set off against cost and the resulting profit or loss is taken up in the Statement of Income and Expenditure.

(f) **Manager's and Trustee's fees**

The Manager's and Trustee's fees are calculated in accordance with the provisions of the Trust Deed.

(g) **Cash and cash equivalents**

Cash and cash equivalents include cash and bank balances and deposits on call with original maturity of three months or less.

(h) **Dividend equalisation**

Dividend equalisation is accounted for at the date of creation and release. It represents the average amount of distributable income included in the creation and release price of units.

(i) **Currency translation**

Translations in foreign currencies during a financial year are converted to Ringgit Malaysia at the rate of exchange ruling at transaction dates. Assets and liabilities denominated in foreign currencies at date of statement of assets and liabilities are translated into Ringgit Malaysia at rates of exchange approximating to those ruling on that date. Gains or losses on foreign exchange transactions are taken up in the income and expenditure account.

## INFORMATION ON THE COMPANY

### 12 BHLB Pacific Trust Management Berhad

BHLB Pacific Trust Management Berhad was incorporated on 17 December 1990. The principal activities of the Company consist of the establishment and management of unit trust funds.

(a) **Audited accounts**

The accounts of the Company for the financial years ended 31 December 1995, 31 December 1996, 31 December 1997, 31 December 1998 and 31 December 1999 were audited and reported on by us without any qualification.

(b) **Profit and loss accounts**

The condensed financial results of BPTMB based on audited accounts for the financial years ended 31 December are as follows:

	Note	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
Operating income	H	24,836	17,670	30,762	22,786	51,114
Profit before taxation		11,597	3,807	5,845	1,100	9,002
Taxation		(3,615)	(1,145)	(2,288)	(500)	-
Profit after taxation		7,982	2,662	3,557	600	9,002
Retained profits brought forward		19,563	26,845	26,007	29,564	30,164
Dividends		(700)	(3,500)	-	-	(1,000)
Retained profits carried forward		26,845	26,007	29,564	30,164	38,166

(c) **Balance sheets**

The condensed balance sheets of the Company based on audited accounts as at 31 December are as follows:

	Note	1995 RM'000	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000
<b>CURRENT ASSETS</b>						
Managers' stocks	I	3,193	2,544	152	1,156	882
Trade debtors		6,317	6,236	14,744	16,188	40,493
Other debtors		3,312	12,023	1,972	2,394	2,282
Amount due from related companies	J	-	-	158	170	5
Short term deposits		25,500	10,977	10,652	7,264	-
Cash and bank balances		1,171	4,207	4,090	3,894	6,510
		39,493	35,987	31,768	31,066	50,172
<b>CURRENT LIABILITIES</b>						
Trade creditors		11,976	14,783	5,388	3,334	14,076
Other creditors and accruals		3,021	2,995	2,882	4,272	4,211
Provision for taxation		3,500	1,100	2,113	1,554	382
Proposed dividend		700	-	-	-	-
Amount due to a related company	J	117	290	316	439	2,037
Amount due to holding company	J	15	1	2	74	-
		19,329	19,169	10,701	9,673	20,706
<b>NET CURRENT ASSETS</b>		20,164	16,818	21,067	21,393	29,466
<b>FIXED ASSETS</b>	K	9,691	11,695	10,944	11,218	11,147
<b>DEFERRED EXPENDITURE</b>		45	-	-	-	-
		29,900	28,513	32,011	32,611	40,613
<b>Represented by:</b>						
<b>SHARECAPITAL</b>	L	2,000	2,000	2,000	2,000	2,000
<b>RETAINED PROFITS</b>		26,845	26,007	29,564	30,164	38,166
<b>SHAREHOLDERS' FUNDS</b>		28,845	28,007	31,564	32,164	40,166
<b>RETIREMENT BENEFITS</b>		967	248	-	-	-
<b>DEFERRED TAXATION</b>		88	258	447	447	447
		29,900	28,513	32,011	32,611	40,613

**(d) Significant accounting policies**

- A.** The principal activities of the Company consist of the establishment and management of unit trust funds. There has been no significant change in these activities during the financial year.

The unit trust funds managed by the Company during the financial year were the BHLB Pacific Double Growth Fund, BHLB Pacific Emerging Companies Growth Fund, BHLB Pacific Savings Fund, BHLB Pacific High Growth Fund, BHLB Pacific Dana Al-Ihsan and BHLB Pacific Bond Fund.

**B. Basis of accounting**

The accounts are prepared under the historical cost convention in accordance with the applicable approved Accounting Standards in Malaysia.

**C. Depreciation**

Fixed assets are depreciated on a straight line basis to write off the cost of each asset over its estimated useful life. The annual principal rates of depreciation are:

Building	2%
Office equipment	10% - 20%
Furniture, fittings and office renovations	7.5%
Motor vehicles	20%

**D. Manager's stocks**

Manager's stocks are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis.

**E. Deferred taxation**

Deferred taxation based on the timing differences between taxable and reported profits, is accounted for using the liability method except where it is thought probable that the tax effects of such timing differences are not expected to reverse in the foreseeable future. The tax effects of timing differences which would give rise to a net future tax benefit are recognised on actual realisation.

**F. Investments**

Long term investments are stated at cost and provision for permanent diminution in value of investments is only made when the directors consider that there has been a permanent impairment in their values. Short term investments are stated at the lower of cost and net realisable value.

**G. Cash and cash equivalents**

Cash and cash equivalents include cash and bank balances and deposits on call with an original maturity of three months or less.

- H.** Operating income represents income from initial service fees and management fees in accordance with the provisions of the Trust Deeds for the unit trust funds managed by the Company.

**I. Manager's stocks**

Manager's stocks represent units in the BHLB Pacific Double Growth Fund, BHLB Pacific Emerging Companies Growth Fund, BHLB Pacific Savings Fund, BHLB Pacific High Growth Fund, BHLB Pacific Dana Al-Ihsan and BHLB Pacific Bond Fund which are managed by the Company.

31.12.1999

RM'000

Cost	882
Market value	897

**J. Holding company, amount due to and due from related companies**

The Company is a 50.01% subsidiary of Ban Hin Lee Bank Berhad, a public company incorporated in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange. Southern Bank Berhad, a public company incorporated in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange is the ultimate holding company.

The amount due to the holding company arose mainly from sales commission payable by the Company.

The amounts due to and from related companies arose mainly from investment advisory and consultancy services.

The amounts due to and from related companies are unsecured, interest free and have no fixed terms of repayment.

**K. Fixed assets**

31.12.1999	Building RM'000	Office equipment RM'000	Furniture, fittings and office renovations RM'000	Motor vehicles RM'000	Total RM'000
Cost	6,250	5,212	3,904	720	16,086
Less: Accumulated depreciation	551	2,920	1,004	464	4,939
Net book value	5,699	2,292	2,900	256	11,147

**L. Share capital**

31.12.1999

RM'000

Ordinary shares of RM1 each:

Authorised:

3,000,000 ordinary shares of RM1 each

3,000

Issued and fully paid:

2,000,000 ordinary shares of RM1 each

2,000

**M. Capital commitments**

Capital expenditure not provided for in the accounts:

Approved but not contracted for

6,031

- 13 No audited accounts of BHLB Pacific Double Growth Fund, BHLB Pacific Emerging Companies Growth Fund, BHLB Pacific Savings Fund, BHLB Pacific High Growth Fund, BHLB Pacific Dana Al-Ihsan and the Company have been made up in respect of any period subsequent to 30 April 1999, 30 June 1999, 31 August 1999, 31 October 1999, 31 May 1999 and 31 December 1999.

Yours faithfully

**PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Public Accountants

**AHMAD JOHAN BIN MOHAMMAD RASLAN**

(No. 1867/9/00 (J))

Partner of the firm

29 March 2000

The Board Of Directors  
BHLB Pacific Trust Management Berhad  
52 & 54, Jalan SS21/39  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs

### Introduction

1. The following report has been prepared for inclusion in the Master Prospectus to be dated 29 April 2000 to be issued by BHLB Pacific Trust Management Berhad ("BPTMB") in connection with the renewal of the maiden Master Prospectus dated 29 April 1999 .

### Information on the BHLB Pacific Bond Fund ("BOF" or "the Fund")

2. BOF was established under a Trust Deed dated 9 July 1999 made between BPTMB and Arab-Malaysian Trustee Berhad. The trustee of the Fund is Arab-Malaysian Trustee Berhad and this is the sixth fund managed by BPTMB. The Fund commenced operations on 28 July 1999.
3. The objective of the Fund is to provide investors with an opportunity to gain higher than average income over the medium to long term by investing in diversified portfolio consisting principally of bonds, certificates of deposit, short term money market instruments and other permissible investments as prescribed in the prospectus.

### Audited Accounts

4. As at the date of this report, no audited accounts of the Fund are available for inclusion in this report.

### Distribution

5. As at the date of this report, there was no distribution from BOF since its commencement of operations.

### Prices of Unit and Net Asset Value Per Unit

6. As at the date of this report, the latest published buying and selling prices of units and net asset value per unit in BOF on 29 March 2000, being the last practical date prior to the date of this report are as follows:-

	RM
i. Selling price per unit	1.0152
ii. Buying price per unit	1.0152
iii. Net asset value per unit	1.0152

Yours faithfully

KPMG  
No. AF 0758  
Public Accountants

NG KIM TUCK  
No. 1150/3/00 (J/PH)  
Partner