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PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet
At 31 March 2004

	31 March 2004 RM '000	31 December 2003 RM '000
PROPERTY, PLANT AND EQUIPMENT	472,760	469,986
INVESTMENTS IN ASSOCIATE COMPANY	*	*
INVESTMENTS	29,847	28,868
CURRENT ASSETS		
Inventories	10,759	11,184
Trade receivables	16,071	19,557
Other receivables	19,173	12,284
Fixed deposits	218,000	220,500
Cash and bank balances	5,158	2,123
	269,161	265,648
CURRENT LIABILITIES		
Trade payables	2,981	2,198
Other payables	91,327	86,384
Term loans (unsecured)	14,955	15,234
Provision for taxation	258	235
Retirement benefit obligations	197	197
	109,718	104,248
NET CURRENT ASSETS	159,443	161,400
	662,050	660,254
FINANCED BY -		
SHARE CAPITAL	165,500	165,500
RESERVES		
Retained Profits	115,568	110,217
Share Premium	161,757	161,757
Reserve on Consolidation	53,780	53,780
	331,105	325,754
SHAREHOLDERS' EQUITY	496,605	491,254
DEFERRED LIABILITIES		
Term loans - unsecured	137,711	144,111
Deferred taxation	19,500	18,000
Provision for retirement benefits	8,234	6,889
	662,050	660,254

* RM99.00

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003.

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Condensed Consolidated Income Statements
For the periods ended 31 March 2004

	3 months ended 31 March 2004 RM'000	3 months ended 31 March 2003 RM'000	Accumulated year-to-date 31 March 2004 RM'000	Accumulated year-to-date 31 March 2003 RM'000
Revenue	35,220	36,263	35,220	36,263
Cost of Sales	24,165	20,276	24,165	20,276
Gross Profit	11,055	15,987	11,055	15,987
Other operating income				
- Interest Income	1,364	1,597	1,364	1,597
- Others	2,556	1,560	2,556	1,560
Administrative expenses	(6,179)	(4,969)	(6,179)	(4,969)
Profit from operations	8,796	14,175	8,796	14,175
Finance Cost				
-Interest Expense	(778)	(924)	(778)	(924)
Profit before taxation	8,018	13,251	8,018	13,251
Taxation	(2,667)	(740)	(2,667)	(740)
Profit after taxation	5,351	12,511	5,351	12,511
Earnings per share (sen)				
- Basic	1.62	3.78	1.62	3.78
- Diluted	N/A	N/A	N/A	N/A
Dividend per share (sen)				
- Interim tax exempt dividend	-	-	-	-

The condensed consolidated income statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003.

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Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2004

	Share capital RM 000	Distributable Retained profits RM 000	← Non Distributable → Share Premium RM 000	Reserve on Consolidation RM 000	Total RM 000
At 1 January 2004	165,500	110,217	161,757	53,780	491,254
Profit after taxation for the year	-	5,351	-	-	5,351
At 31 March 2004	<u>165,500</u>	<u>115,568</u>	<u>161,757</u>	<u>53,780</u>	<u>496,605</u>
At 1 January 2003	165,500	86,136	161,637	53,780	467,053
Listing Expenses	-	-	(15)	-	(15)
Profit after taxation for the year	-	12,511	-	-	12,511
At 31 March 2003	<u>165,500</u>	<u>98,647</u>	<u>161,622</u>	<u>53,780</u>	<u>479,549</u>

The share capital includes 1 Special Rights Redeemable Preference Share (Special Share) of RM0.50 each

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003.

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Condensed Consolidated Cash Flow Statement
For the period ended 31 March 2004

	31 March 2004 RM '000	31 March 2003 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,018	13,251
Adjustments for -		
Depreciation	4,757	4,905
Interest expense	776	922
Interest income	(1,479)	(2,170)
Provision for retirement benefits	1,399	676
Other miscellaneous	(986)	(200)
	<hr/>	<hr/>
Operating profit before working capital changes	12,485	17,384
Net change in current assets	(2,952)	5,702
Net change in current liabilities	5,698	5,901
	<hr/>	<hr/>
Cash generated from operations	15,231	28,987
Interest paid	(776)	(922)
Retirement benefits paid	(55)	(105)
Tax paid	(1,143)	(1,048)
	<hr/>	<hr/>
Net cash from operating activities	13,257	26,912
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (gross)	154	190
Interest received	1,479	2,170
Proceeds from disposal of investments	5,791	918
Purchase of investments	(5,938)	(1,105)
Net purchase of property, plant and equipment	(7,530)	(21,175)
	<hr/>	<hr/>
Net cash from investing activities	(6,044)	(19,002)
CASH FLOWS FROM FINANCING ACTIVITIES		
Listing Expenses	-	(15)
Term loans net payment	(6,678)	(6,559)
	<hr/>	<hr/>
Net cash from financing activities	(6,678)	(6,574)
Net Increase in cash and cash equivalents	535	1,336
Cash and cash equivalents at 1 January	222,623	248,097
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	<u>223,158</u>	<u>249,433</u>
Cash and cash equivalents at 31 March		
Fixed deposits	218,000	245,500
Cash and bank balances	5,158	3,933
	<hr/>	<hr/>
	<u>223,158</u>	<u>249,433</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003.

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Notes to the Interim Financial Report

PART A – Notes Pursuant to MASB 26

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting and Chapter 9 Part K of the Listing Requirement of Bursa Malaysia Securities Berhad (BMSB).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2003.

A2. Auditors' report on preceding annual financial statements

The audit report of the audited financial statements for the year ended 31 December 2003 was not subject to any qualification.

A3. Comments about seasonal or cyclical factors

There is no seasonality or cyclicity on the Group's operations.

A4. Unusual items due to their nature, size or incidence

There is no unusual item in the current quarter and financial year to-date ended 31 March 2004.

A5. Changes in estimates

There is no change in the estimates of amount which give a material effect for the current quarter.

A6. Debt and equity securities

There is no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and current financial year to-date ended 31 March 2004.

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Notes to the Interim Financial Report

A7. Dividends paid

No dividend was paid for the current quarter ended 31 March 2004.

A8. Segmental information

Currently, there is only one business segment in the PBA Holdings Bhd's Group operating within the State of Penang to undertake the business of a water supplier involved in the abstraction of raw water, treatment of water, supply and sale of treated water to consumers.

A9. Carrying amount of revalued assets

The property, plant and equipment have not been revalued and are stated at cost less accumulated depreciation since the previous financial year-end.

A10. Subsequent events

There is no material event subsequent to the balance sheet date up to the date of the issue of this report.

A11. Changes in composition of the Group

There are no changes in the composition of the Group for the current quarter and financial year to-date ended 31 March 2004

A12. Changes in contingent liabilities and contingent assets

There is no material contingent liability or contingent asset since the last financial statements for the year ended 31 December 2003.

A13. Capital Commitments

	31 March 2004 RM000	31 December 2003 RM000
Contracted but not provided for in the accounts	101,000	100,000
Approved budget but not contracted for	79,000	87,000
	=====	=====

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Notes to the Interim Financial Report

PART B – Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B1. Performance Review

The Group's revenue for the current quarter and current financial year to-date was RM35.2 million as compared to the preceding year corresponding period of RM36.3million. The decrease of RM1.1 million was mainly attributed to lower trade consumption as compared to prior year corresponding quarter.

Profit before taxation for the current quarter of RM8.0 million was lower than the preceding year corresponding period of RM13.3 million. The reduction in profits was due to the decrease in water revenue and increase in cost of production and administrative expenses for the three months period ended 31 March 2004.

B2. Comment on material change in profit before taxation

The Group recorded profit before taxation of RM8.0 million during the quarter under review as compared to RM12.1 million in the preceding quarter. The reduction in profit before taxation was mainly due to higher cost of production and administrative expenses.

B3. Commentary on the prospects

The Directors anticipate the performance for the year 2004 may be enhanced on the back of improved economic fundamentals.

B4. Profit forecast or profit guarantee

Not applicable.

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B5. Taxation

The Group's tax provision includes the following:

	Current quarter ended 31 March 2004 RM'000
Current year's tax	1,167
Transfer to deferred taxation account in respect of :	
- Under provision in prior year	1,100
- Current period	400
	2,667

The Group enjoys reinvestment allowance claimed by the subsidiary company.

B6. Sale of unquoted investments and properties

There is no sale of unquoted investments and / or properties for the current quarter and current financial year to-date.

B7. Quoted securities

- (a) The total purchase consideration and sale proceeds of investments for the current quarter and current financial year to-date and gain/loss arising there from are as follows:

	Current quarter ended 31 March 2004 RM'000
Balance at 01-01-2004	28,868
Add : Purchase of investments	5,938
Less : Proceeds from disposal of investments	(5,791)
Add : Gain on disposal of investments	832
Balance at 31-03-2004	29,847

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- (b) These investments are managed by external fund management companies in accordance with the terms of the Investment Management Mandate.

As at 31 March 2004 and 31 December 2003, the funds were invested as follows:

	31 March 2004 RM'000	31 December 2003 RM'000
Shares quoted in Malaysia, at cost	25,240	23,756
Fixed interest securities, at cost	84	(78)
Fixed deposits with licensed banks	2,924	2,012
Fixed deposits with other corporations	854	973
Money market placement	745	2,205
Total	29,847	28,868

Market value of quoted shares	29,226	26,310
	=====	=====

B8. Corporate proposals

There is no corporate proposal announced for the current quarter and financial year to-date.

B9. Borrowing and debt securities

	31 March 2004 RM'000	31 December 2003 RM'000
Short Term Borrowings-Local Currency	14,955	15,234
Long Term Borrowings-Local Currency	137,711	144,111
	152,666	159,345

The unsecured term loans were obtained from the State Government of Penang to finance major water projects.

The term loans bear interest rates of 0% to 8% per annum and are repayable over a period of 6 to 20 years by yearly instalments ranging between RM10,295 and RM6,990,043 per annum.

B10. Off balance sheet financial instruments

During the financial year to-date, the Group did not enter into any contracts involving off balance sheet financial instruments.

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Notes to the Interim Financial Report

B11. Changes in material litigation

There is no pending material litigation as at the date of the issue of this report.

B12. Dividend payable

The Board of Directors recommends a final tax exempt dividend of 5% amounting to RM8,275,000 in respect of the financial year ended 31 December 2003 subject to the approval of shareholders at the forthcoming Annual General Meeting. The financial statements for the financial year and period ended 31 December 2003 and 31 March 2004 respectively do not reflect this proposed final tax-exempt dividend. It will be accounted for in the shareholders' equity as an appropriation of retained profit in financial year 2004 accordingly.

B13. Earnings per share (sen)

The calculation of basic earnings per share for the quarter is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding as follows:

	Current quarter ended 31 March 2004	Current year-to-date ended 31 December 2003
Group's profit after taxation attributable to ordinary shareholders : (RM'000)	5,351	8,403
Weighted average number of ordinary shares in issue: ('000)	331,000	331,000

The calculation of diluted earnings per share is not applicable to the Company as there is no potential dilutive ordinary shares.