

## Contents

---

	<b>Page</b>
<b>Interim Financial Report</b>	
Condensed Consolidated Balance Sheet	1
Condensed Consolidated Income Statements	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Cash Flow Statement	4
Notes to the Interim Financial Report	5 - 12

**PBA HOLDINGS BHD.**  
(Incorporated in Malaysia)

**Condensed Consolidated Balance Sheet**  
**At 30 June 2004**

	<b>30 June 2004</b> <b>RM '000</b>	<b>31 December 2003</b> <b>RM '000</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	483,229	469,986
<b>INVESTMENTS IN ASSOCIATE COMPANY</b>	*	*
<b>INVESTMENTS</b>	30,055	28,868
<b>CURRENT ASSETS</b>		
Inventories	10,796	11,184
Trade receivables	16,681	19,557
Other receivables	17,103	12,284
Fixed deposits	221,000	220,500
Cash and bank balances	6,555	2,123
	272,135	265,648
<b>CURRENT LIABILITIES</b>		
Trade payables	2,714	2,198
Other payables	92,962	86,384
Term loans (unsecured)	14,955	15,234
Provision for taxation	382	235
Retirement benefit obligations	631	197
	111,644	104,248
<b>NET CURRENT ASSETS</b>	160,491	161,400
	673,775	660,254
<b>FINANCED BY -</b>		
<b>SHARE CAPITAL</b>	165,500	165,500
<b>RESERVES</b>		
Retained Profits	125,264	110,217
Share Premium	161,757	161,757
Reserve on Consolidation	53,780	53,780
	340,801	325,754
<b>SHAREHOLDERS' EQUITY</b>	506,301	491,254
<b>DEFERRED LIABILITIES</b>		
Term loans - unsecured	137,232	144,111
Deferred taxation	20,600	18,000
Provision for retirement benefits	9,642	6,889
	673,775	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.**

**PBA HOLDINGS BHD.**  
**(Incorporated in Malaysia)**

**Condensed Consolidated Income Statements**  
**For the periods ended 30 June 2004**

	<b>3 months ended 30 June 2004 RM'000</b>	<b>3 months ended 30 June 2003 RM'000</b>	<b>6 months ended 30 June 2004 RM'000</b>	<b>6 months ended 30 June 2003 RM'000</b>
<b>Revenue</b>	37,892	37,513	73,112	73,776
<b>Cost of Sales</b>	24,063	24,172	48,228	44,448
Gross Profit	13,829	13,341	24,884	29,328
Other operating income				
- Interest Income	2,599	1,388	3,963	3,031
- Others	2,962	2,372	5,518	3,886
Administrative expenses	(6,510)	(4,482)	(12,689)	(9,451)
Profit from operations	12,880	12,619	21,676	26,794
Finance Cost				
-Interest Expense	(771)	(922)	(1,549)	(1,846)
Profit before taxation	12,109	11,697	20,127	24,948
Taxation	(2,413)	(2,514)	(5,080)	(3,254)
Profit after taxation	9,696	9,183	15,047	21,694
Earnings per share (sen)				
- Basic	2.93	2.77	4.55	6.55
- 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.**

**PBA HOLDINGS BHD.**  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity**  
**For the period ended 30 June 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	-	15,047	-	-	15,047
At 30 June 2004	<u>165,500</u>	<u>125,264</u>	<u>161,757</u>	<u>53,780</u>	<u>506,301</u>
At 1 January 2003	165,500	86,136	161,637	53,780	467,053
Listing Expenses	-	-	120	-	120
Profit after taxation for the year	-	21,694	-	-	21,694
At 30 June 2003	<u>165,500</u>	<u>107,830</u>	<u>161,757</u>	<u>53,780</u>	<u>488,867</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.**

**PBA HOLDINGS BHD.**  
**(Incorporated in Malaysia)**

**Condensed Consolidated Cash Flow Statement**  
**For the period ended 30 June 2004**

	<b>30 June 2004</b> <b>RM '000</b>	<b>30 June 2003</b> <b>RM '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	20,127	24,948
Adjustments for -		
Depreciation	9,664	9,669
Interest expense	1,545	1,844
Interest income	(4,202)	(3,982)
Provision for retirement benefits	2,686	1,050
Other miscellaneous	(1,193)	(1,714)
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	28,627	31,815
Net change in current assets	(1,555)	7,973
Net change in current liabilities	7,725	13,174
	<hr/>	<hr/>
<b>Cash generated from operations</b>	34,797	52,962
Interest paid	(1,545)	(1,844)
Retirement benefits paid	(130)	(227)
Tax paid	(2,334)	(4,092)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	30,788	46,799
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received (gross)	376	436
Interest received	4,202	3,982
Proceeds from disposal of investments	11,771	3,156
Purchase of investments	(12,126)	(3,586)
Net purchase of property, plant and equipment	(22,921)	(33,487)
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	(18,698)	(29,499)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Listing Expenses	-	120
Term loans net payment	(7,158)	(7,039)
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	(7,158)	(6,919)
<b>Net Increase in cash and cash equivalents</b>	4,932	10,381
<b>Cash and cash equivalents at 1 January</b>	222,623	248,097
	<hr/>	<hr/>
<b>Cash and cash equivalents at 30 June</b>	<u>227,555</u>	<u>258,478</u>
<b>Cash and cash equivalents at 30 June</b>		
Fixed deposits	221,000	252,000
Cash and bank balances	6,555	6,478
	<hr/>	<hr/>
	<u>227,555</u>	<u>258,478</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.

PBA HOLDINGS BHD.  
(Incorporated in Malaysia)

## 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 30 June 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 30 June 2004.

**PBA HOLDINGS BHD.**  
(Incorporated in Malaysia)

## Notes to the Interim Financial Report

### A7. Dividends paid

	Amount		Net dividends per share	
	30 June 2004 RM'000	31 December 2003 RM'000	30 June 2004 RM'000	31 December 2003 RM'000
Final tax exempt dividend of 5% paid on 18 July 2003	-	8,275	-	2.50
Interim tax exempt dividend of 5% paid on 24 December 2003	-	8,275	-	2.50
	-	16,550	-	5.00

No dividend was paid for the current quarter and financial year to-date ended 30 June 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 30 June 2004.

PBA HOLDINGS BHD.  
(Incorporated in Malaysia)

## Notes to the Interim Financial Report

---

**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**

	30 June 2004 RM000	31 December 2003 RM000
Contracted but not provided for in the accounts	98,000	100,000
Approved budget but not contracted for	66,000 =====	87,000 =====



PBA HOLDINGS BHD.  
(Incorporated in Malaysia)

## 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 of RM37.9 million and RM73.1 million approximated to that of preceding year corresponding period revenue of RM37.5 million and RM73.8 million respectively.

Profit before taxation for the current quarter of RM12.1 million was higher than the preceding year corresponding period of RM11.7 million. This was attributed to an increase in interest income of RM1.2 million and a concurrent provision for diminution in value of investments amounting to RM0.8 million in the current quarter.

#### **B2. Comment on material change in profit before taxation**

The Group recorded profit before taxation of RM12.1 million during the quarter under review as compared to RM8.0 million in the preceding quarter. The improvement in profit before taxation was mainly due to increase in water consumption by 6.4% and income from Al-Mudharabah deposit placements.

#### **B3. Commentary on the prospects**

Based on the year to-date results of the Group, the Directors are confident that the Group will perform satisfactorily for the rest of the financial year.

#### **B4. Profit forecast or profit guarantee**

Not applicable.

**PBA HOLDINGS BHD.**  
(Incorporated in Malaysia)

## Notes to the Interim Financial Report

### **B5. Taxation**

The Group's tax provision includes the following:

	Current quarter ended 30 June 2004 RM'000	Current year-to-date ended 30 June 2004 RM'000
Current year's tax	1,313	2,480
Transfer to deferred taxation account in respect of :		
- Under provision in prior year	-	1,100
- Current period	1,100	1,500
	2,413	5,080

The disproportionate tax charge of the Group is due to reinvestment allowance claimed by the subsidiary company.

The effective tax rate for the current quarter and financial year to-date ended 30 June 2004 is 19.9% and 19.8% respectively.

### **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 30 June 2004 RM'000	Current year-to-date ended 30 June 2004 RM'000
Balance at 01-04-2004 / 01-01-2004	29,847	28,868
Add : Purchase of investments	6,188	12,126
Less : Proceeds from disposal of investments	(5,980)	(11,771)
Add : Gain on disposal of investments	763	1,595
	30,818	30,818
Less : Provision for diminution in investment	(763)	(763)
Balance at 30-06-2004	30,055	30,055

**PBA HOLDINGS BHD.**  
(Incorporated in Malaysia)

## Notes to the Interim Financial Report

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

As at 30 June 2004 and 31 December 2003, the funds were invested as follows:

	30 June 2004 RM'000	31 December 2003 RM'000
Shares quoted in Malaysia, at cost	24,030	23,756
Fixed interest securities, at cost	156	(78)
Fixed deposits with licensed banks	1,777	2,012
Fixed deposits with other corporations	1,675	973
Money market placement	3,180	2,205
	30,818	30,818
Less : Provision for diminution in investment	(763)	-
Total	30,055	28,868

Market value of quoted shares	23,267	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**

	30 June 2004 RM'000	31 December 2003 RM'000
Short Term Borrowings-Local Currency	14,955	15,234
Long Term Borrowings-Local Currency	137,232	144,111
	152,187	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.

**PBA HOLDINGS BHD.**  
(Incorporated in Malaysia)

## Notes to the Interim Financial Report

---

**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.

**B11. Changes in material litigation**

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

**B12. Dividend payable**

A final tax exempt dividend of 5% amounting to RM8,275,000 for the financial year ended 31 December 2003 has been approved by the shareholders at the Annual General Meeting on 23 June 2004 for payment on 27 July 2004. The financial statements for the financial year and period ended 31 December 2003 and 30 June 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 the third quarter ending 30 September 2004. (30 June 2003: The proposed and approved final tax exempt dividend of 5% amounting to RM8,275,000 for the financial year ended 31 December 2002 was paid on 18 July 2003)

**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 30 June 2004	Current year-to-date ended 30 June 2004
Group's profit after taxation attributable to ordinary shareholders : (RM'000)	9,696	15,047
Weighted average number of ordinary shares in issue: ('000)	331,000	331,000
Basic earnings per share (sen)	2.93	4.55

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

PBA HOLDINGS BHD.  
(Incorporated in Malaysia)

## Notes to the Interim Financial Report

---

### **B14. Authorisation for Issue**

On 13 August 2004, the Board of Directors authorised this Interim Financial Report for issue.