

**PBA HOLDINGS BHD**

Company No : 515119-U  
(Incorporated in Malaysia)

**Interim Financial Report**

**31 DECEMBER 2004**

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**PBA HOLDINGS BHD.**  
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**Condensed Consolidated Balance Sheet**  
**At 31 December 2004**

	<b>31 December 2004</b> <b>RM '000</b>	<b>31 December 2003</b> <b>RM '000</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	523,919	469,986
<b>INVESTMENTS IN ASSOCIATE COMPANY</b>	*	*
<b>INVESTMENTS</b>	30,903	28,868
<b>CURRENT ASSETS</b>		
Inventories	11,689	11,184
Trade receivables	19,438	19,557
Other receivables	15,804	12,284
Fixed deposits	171,000	220,500
Cash and bank balances	4,751	2,123
	222,682	265,648
<b>CURRENT LIABILITIES</b>		
Trade payables	1,192	2,198
Other payables	81,717	86,384
Term loans (unsecured)	39,563	15,234
Provision for taxation	34	235
Retirement benefit obligations	442	197
	122,948	104,248
<b>NET CURRENT ASSETS</b>	99,734	161,400
	654,556	660,254
<b>FINANCED BY -</b>		
<b>SHARE CAPITAL</b>	165,500	165,500
<b>RESERVES</b>		
Retained Profits	133,502	110,217
Share Premium	161,757	161,757
Reserve on Consolidation	53,780	53,780
	349,039	325,754
<b>SHAREHOLDERS' EQUITY</b>	514,539	491,254
<b>DEFERRED LIABILITIES</b>		
Term loans - unsecured	104,548	144,111
Deferred taxation	23,700	18,000
Provision for retirement benefits	11,769	6,889
	654,556	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 December 2004**

	<b>3 months ended 31 December 2004 RM'000</b>	<b>3 months ended 31 December 2003 RM'000</b>	<b>12 months ended 31 December 2004 RM'000</b>	<b>12 months ended 31 December 2003 RM'000</b>
<b>Revenue</b>	39,857	37,638	153,737	148,969
<b>Cost of Sales</b>	22,359	23,095	93,952	89,703
Gross Profit	17,498	14,543	59,785	59,266
Other operating income				
- Interest Income	1,339	1,667	6,425	6,023
- Others	2,645	2,124	10,571	9,965
Administrative expenses	(5,960)	(5,325)	(24,055)	(20,440)
Profit from operations	15,522	13,009	52,726	54,814
Finance Cost				
-Interest Expense	(759)	(929)	(3,085)	(3,708)
Profit before taxation	14,763	12,080	49,641	51,106
Taxation	(1,925)	(3,677)	(9,806)	(10,475)
Profit after taxation	12,838	8,403	39,835	40,631
Earnings per share (sen)				
- Basic	3.88	2.54	12.03	12.28
- Diluted	N/A	N/A	N/A	N/A
Dividend per share (sen)				
- Final tax exempt dividend	2.50	2.50	5.00	5.00

**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 December 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	-	39,835	-	-	39,835
Interim & final tax exempt dividend	-	(16,550)	-	-	(16,550)
At 31 December 2004	<u>165,500</u>	<u>133,503</u>	<u>161,757</u>	<u>53,780</u>	<u>514,539</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	-	40,631	-	-	40,631
Interim & final tax exempt dividend	-	(16,550)	-	-	(16,550)
At 31 December 2003	<u>165,500</u>	<u>110,217</u>	<u>161,757</u>	<u>53,780</u>	<u>491,254</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 December 2004**

	<b>31 December 2004</b> <b>RM '000</b>	<b>31 December 2003</b> <b>RM '000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	49,641	51,106
Adjustments for -		
Depreciation	19,701	19,496
Interest expense	3,078	3,697
Interest income	(6,917)	(7,329)
Provision for retirement benefits	5,619	1,879
Other miscellaneous	(1,885)	(3,571)
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	69,237	65,278
Net change in current assets	(3,906)	8,649
Net change in current liabilities	(5,674)	21,014
	<hr/>	<hr/>
<b>Cash generated from operations</b>	59,657	94,941
Interest paid	(3,078)	(3,697)
Retirement benefits paid	(494)	(371)
Tax paid	(4,307)	(7,796)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	51,778	83,077
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received (gross)	696	722
Interest received	6,917	7,329
Proceeds from disposal of investments	23,742	13,649
Proceeds from disposal of property, plant and equipment	-	1
Purchase of investments	(24,435)	(14,393)
Net purchase of property, plant and equipment	(73,786)	(84,808)
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	(66,866)	(77,500)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Listing Expenses	-	120
Term loans net payment	(15,234)	(14,621)
Dividend paid	(16,550)	(16,550)
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	(31,784)	(31,051)
<b>Net Increase in cash and cash equivalents</b>	(46,872)	(25,474)
<b>Cash and cash equivalents at 1 January</b>	222,623	248,097
	<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	<u>175,751</u>	<u>222,623</u>
<b>Cash and cash equivalents at 31 December</b>		
Fixed deposits	171,000	220,500
Cash and bank balances	4,751	2,123
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	<u>175,751</u>	<u>222,623</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

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### **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 December 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 December 2004.

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## Notes to the Interim Financial Report

### A7. Dividends paid

	Amount		Net dividends per share	
	31 December 2004 RM'000	31 December 2003 RM'000	31 December 2004 Sen	31 December 2003 Sen
Final tax-exempt dividend in respect of financial year ended 31 December 2003 of 5% paid on 27 July 2004	8,275	-	2.50	-
Interim tax-exempt dividend in respect of financial year ended 31 December 2004 of 5% paid on 28 December 2004	8,275	-	2.50	-
Final tax-exempt dividend in respect of financial year ended 31 December 2002 of 5% paid on 18 July 2003	-	8,275	-	2.50
Interim tax-exempt dividend in respect of financial year ended 31 December 2003 of 5% paid on 24 December 2003	-	8,275	-	2.50
	16,550	16,550	5.00	5.00

An interim tax-exempt dividend of 5% amounting to RM8, 275,000 for the financial year ended 31 December 2004 was paid on 28 December 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.



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**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 December 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 2004.

**A13. Capital Commitments**

	31 December 2004 RM000	31 December 2003 RM000
Contracted but not provided for in the accounts	76,000	100,000
Approved budget but not contracted for	37,000	87,000
	=====	=====

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

#### **B1. Performance Review**

The Group's operating revenue for the current quarter and financial year to-date ended 31 December 2004 totalled RM39.9 million and RM153.7 million, representing 5.9% and 3.2% increase over the preceding year corresponding period operating revenue of RM37.6 million and RM148.9 million respectively. The increases were derived mainly from the increase in sales of water in Penang.

The Group attained a profit before taxation of RM14.8 million for the quarter in review, which is 22.2% above the preceding year corresponding quarter of RM12.1 million.

#### **B2. Material changes in the quarterly results compared to the results of the preceding quarter**

During the current quarter ended 31 December 2004, profit before taxation of the Group totalled RM14.8 million was consistent with that of the previous quarter ended 30 September 2004, whilst the profits after tax were RM12.8 million and RM12.0 million in the current and preceding quarter respectively. The increase in profit after tax was attributed to lower taxation expense in the current quarter.

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

Barring unforeseen circumstances, the Directors are confident that the Company will perform satisfactorily in the year 2005 on its core competency of supplying water in the State of Penang.

#### **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 December 2004 RM'000	Current year-to-date ended 31 December 2004 RM'000
Current year's tax	625	4,106
Transfer to deferred taxation account in respect of :		
- Under provision in prior year	-	1,100
- Current period	1,300	4,600
	1,925	9,806

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 31 December 2004 is 13.0% 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 31 December 2004 RM'000	Current year-to-date ended 31 December 2004 RM'000
Balance at 01-10-2004 / 01-01-2004	30,390	28,868
Add: Purchase of investments	5,246	24,435
Less : Proceeds from disposal of investments	(5,062)	(23,741)
Less / Add: (Loss) / Gain on disposal of investments	329	1,341
Balance at 31-12-2004	30,903	30,903

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

	31 December 2004 RM'000	31 December 2003 RM'000
Shares quoted in Malaysia, at cost	26,244	23,756
Fixed interest securities, at cost	207	(78)
Fixed deposits with licensed banks	2,371	2,012
Fixed deposits with other corporations	756	973
Money market placement	1,325	2,205
Total	30,903	28,868

Market value of quoted shares	27,715	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 December 2004 RM'000	31 December 2003 RM'000
Short Term Borrowings-Local Currency	39,563	15,234
Long Term Borrowings-Local Currency	104,548	144,111
	144,111	159,345

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

The term loans are repayable over a period of 20 years by yearly instalments ranging between RM14, 800 and RM2, 940,000 per annum.

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**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**

The Board of Directors recommends a final dividend of 7% less tax at 28% in respect of the financial year ended 31 December 2004 subject to the approval of shareholders at the forthcoming Annual General Meeting.

**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 December 2004	Current year-to-date ended 31 December 2004
Group's profit after taxation attributable to ordinary shareholders: (RM'000)	12,838	39,835
Weighted average number of ordinary shares in issue: ('000)	331,000	331,000
Basic earnings per share (sen)	3.88	12.03

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

**B14. Authorisation for Issue**

On 22 February 2005, the Board of Directors authorised this Interim Financial Report for issue.