

## 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 31 March 2005**

	<b>31 March 2005</b> <b>RM '000</b>	<b>31 December 2004</b> <b>RM '000</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>	532,835	523,919
<b>INVESTMENTS IN ASSOCIATE COMPANY</b>	*	*
<b>INVESTMENTS</b>	30,815	30,903
<b>CURRENT ASSETS</b>		
Inventories	11,725	11,689
Trade receivables	19,366	19,438
Other receivables	18,519	15,804
Fixed deposits	151,000	171,000
Cash and bank balances	3,179	4,751
	203,789	222,682
<b>CURRENT LIABILITIES</b>		
Trade payables	901	1,192
Other payables	86,602	81,717
Term loans (unsecured)	18,596	39,563
Provision for taxation	252	34
Retirement benefit obligations	-	442
	106,351	122,948
<b>NET CURRENT ASSETS</b>	97,438	99,734
	661,088	654,556
<b>FINANCED BY -</b>		
<b>SHARE CAPITAL</b>	165,500	165,500
<b>RESERVES</b>		
Retained Profits	143,606	133,502
Share Premium	161,757	161,757
Reserve on Consolidation	53,780	53,780
	359,143	349,039
<b>SHAREHOLDERS' EQUITY</b>	524,643	514,539
<b>DEFERRED LIABILITIES</b>		
Term loans - unsecured	99,494	104,548
Deferred taxation	24,300	23,700
Provision for retirement benefits	12,651	11,769
	661,088	654,556

\* 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 2004.**

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

**Condensed Consolidated Income Statements**  
**For the periods ended 31 March 2005**

	<b>3 months ended 31 March 2005 RM'000</b>	<b>3 months ended 31 March 2004 RM'000</b>	<b>Accumulated year-to-date 31 March 2005 RM'000</b>	<b>Accumulated year-to-date 31 March 2004 RM'000</b>
<b>Revenue</b>	40,647	35,220	40,647	35,220
<b>Cost of Sales</b>	24,367	24,165	24,367	24,165
Gross Profit	16,280	11,055	16,280	11,055
Other operating income				
- Interest Income	1,026	1,364	1,026	1,364
- Others	3,004	2,556	3,004	2,556
Administrative expenses	(8,238)	(6,179)	(8,238)	(6,179)
Profit from operations	12,072	8,796	12,072	8,796
Finance Cost				
-Interest Expense	(1)	(778)	(1)	(778)
Profit before taxation	12,071	8,018	12,071	8,018
Taxation	(1,967)	(2,667)	(1,967)	(2,667)
Profit after taxation	10,104	5,351	10,104	5,351
Earnings per share (sen)				
- Basic	3.05	1.62	3.05	1.62
- 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 2004.**

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

**Condensed Consolidated Statement of Changes in Equity**  
**For the period ended 31 March 2005**

	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 2005	165,500	133,502	161,757	53,780	514,539
Profit after taxation for the period	-	10,104	-	-	10,104
At 31 March 2005	<u>165,500</u>	<u>143,606</u>	<u>161,757</u>	<u>53,780</u>	<u>524,643</u>
At 1 January 2004	165,500	110,217	161,757	53,780	491,254
Profit after taxation for the period	-	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>

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 2004.**

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

**Condensed Consolidated Cash Flow Statement**  
**For the period ended 31 March 2005**

	31 March 2005 RM '000	31 March 2004 RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	12,071	8,018
Adjustments for -		
Depreciation	5,240	4,757
Interest expense	-	776
Interest income	(1,140)	(1,479)
Provision for retirement benefits	635	1,399
Other miscellaneous	102	(986)
	<u>16,908</u>	<u>12,485</u>
<b>Operating profit before working capital changes</b>	16,908	12,485
Net change in current assets	(2,680)	(2,952)
Net change in current liabilities	4,595	5,698
	<u>18,823</u>	<u>15,231</u>
<b>Cash generated from operations</b>	18,823	15,231
Interest paid	-	(776)
Retirement benefits paid	(196)	(55)
Tax paid	(1,149)	(1,143)
	<u>17,478</u>	<u>13,257</u>
<b>Net cash from operating activities</b>	17,478	13,257
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received (gross)	192	154
Interest received	1,140	1,479
Proceeds from disposal of property, plant and equipment	15	-
Proceeds from disposal of investments	4,792	5,791
Purchase of investments	(4,966)	(5,938)
Net purchase of property, plant and equipment	(14,202)	(7,530)
	<u>(13,029)</u>	<u>(6,044)</u>
<b>Net cash from investing activities</b>	(13,029)	(6,044)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Term loans net payment	(26,021)	(6,678)
	<u>(26,021)</u>	<u>(6,678)</u>
<b>Net cash from financing activities</b>	(26,021)	(6,678)
<b>Net Increase in cash and cash equivalents</b>	(21,572)	535
<b>Cash and cash equivalents at 1 January</b>	175,751	222,623
	<u>154,179</u>	<u>223,158</u>
<b>Cash and cash equivalents at 31 March</b>	154,179	223,158
<b>Cash and cash equivalents at 31 March</b>		
Fixed deposits	151,000	218,000
Cash and bank balances	3,179	5,158
	<u>154,179</u>	<u>223,158</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 2004.

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 2004.**

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 2004.

#### **A2. Auditors' report on preceding annual financial statements**

The audit report of the audited financial statements for the year ended 31 December 2004 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 2005.

#### **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 2005.

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

## Notes to the Interim Financial Report

### A7. Dividends paid

	Amount		Net dividends per share	
	31 March 2005 RM'000	31 December 2004 RM'000	31 March 2005 Sen	31 December 2004 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
	-	16,550	-	5.00

No dividend was paid for the current quarter ended 31 March 2005.

### 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 2005.

**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 2004.

**A13. Capital Commitments**

	31 March 2005 RM000	31 December 2004 RM000
Contracted but not provided for in the accounts	72,000	76,000
Approved budget but not contracted for	72,000 =====	37,000 =====



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 operating revenue for the current quarter and financial year to-date ended 31 March 2005 totalled RM40.6million, representing 15.3% increase over the preceding year corresponding period operating revenue of RM35.2 million. The increases were derived mainly from the increase in sales of water in Penang.

The Group attained a profit before taxation of RM12.1 million for the quarter in review, which is 51.2% above the preceding year corresponding quarter of RM8.0 million.

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

The Group recorded profit before taxation of RM12.1 million during the quarter under review as compared to RM14.8 million in the preceding quarter. The reduction in profit before taxation was mainly due to higher cost of production and increased administrative expenses.

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

The Group is on track to achieve satisfactory performance for the rest of the financial year 2005.

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

Not applicable.

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

## Notes to the Interim Financial Report

---

### **B5. Taxation**

The Group tax provision includes the following:

	Current quarter ended 31 March 2005 RM'000
Current period tax	1,367
Transfer to deferred taxation account	300
	1,967

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 March 2005 is 16.3%.

### **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 2005 RM'000
Balance at 01-01-2005	30,903
Add: Purchase of investments	4,966
Less : Proceeds from disposal of investments	(4,792)
Less / Add: (Loss) / Gain on disposal of investments	464
	31,541
Less: Diminution in value of investment	(726)
Balance at 31-03-2005	30,815

**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 31 March 2005 and 31 December 2004, the funds were invested as follows:

	31 March 2005 RM'000	31 December 2004 RM'000
Shares quoted in Malaysia, at cost	25,950	26,244
Fixed interest securities, at cost	(2)	207
Fixed deposits with licensed banks	2,865	2,371
Fixed deposits with other corporations	978	756
Money market placement	1,750	1,325
	31,541	30,903
Less: Diminution in value of investment	(726)	-
Total	30,815	30,903

Market value of quoted shares	25,225	27,715
	=====	=====

### **B8. Corporate proposals**

On 23 February 2005, the Board of Directors approved an employees' shares option scheme (ESOS) of up to fifteen percent (15%) of its issued and paid-up share capital at any point in time during the duration of the scheme.

The scheme was approved by Bursa Malaysia Securities Berhad on 4 April 2005.

The proposed ESOS is subject to the following approvals: -

- (I) the shareholders of the Company at an Extraordinary General Meeting on 9 June 2005; and
- (III) any other relevant authorities, if applicable

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

**Notes to the Interim Financial Report**

---

**B9. Borrowing and debt securities**

	31 March 2005 RM'000	31 December 2004 RM'000
Short Term Borrowings-Local Currency	18,596	39,563
Long Term Borrowings-Local Currency	99,494	104,548
	118,090	144,111

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.

**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. The financial statements for the financial year and period ended 31 December 2004 and 31 March 2005 respectively do not reflect this proposed final dividend. It will be accounted for in the shareholders' equity as an appropriation of retained profit in financial year 2005 accordingly.

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

## Notes to the Interim Financial Report

---

**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 2005
Group's profit after taxation attributable to ordinary shareholders: (RM'000)	10,104
Weighted average number of ordinary shares in issue: ('000)	331,000
Basic earnings per share (sen)	3.05

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 25 May 2005, the Board of Directors authorised this Interim Financial Report for issue.