

Contents

	Page
Interim Financial Report	
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 2007

	31 March 2007 RM '000	31 December 2006 RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	646,808	659,956
Investments in jointly controlled entity	756	756
Investments	32,260	30,267
Prepaid lease payments	18,592	18,646
Current assets		
Inventories	15,355	13,900
Trade receivables	15,737	16,561
Other receivables	23,804	23,305
Tax recoverable	906	1,269
Fixed deposits	70,000	75,500
Cash and bank balances	7,207	8,049
	<u>133,009</u>	<u>138,584</u>
TOTAL ASSETS	<u><u>831,425</u></u>	<u><u>848,209</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share Capital	165,587	165,579
Reserves	386,710	374,864
	<u>552,297</u>	<u>540,443</u>
Minority Interest	-	-
Total Equity	<u><u>552,297</u></u>	<u><u>540,443</u></u>
Non-Current Liabilities		
Term loans - unsecured	86,389	137,236
Deferred taxation	49,636	49,636
Provision for retirement benefits	18,372	17,476
	<u>154,397</u>	<u>204,348</u>
Current Liabilities		
Trade payables	1,078	1,581
Other payables	115,161	94,396
Term loans (unsecured)	7,552	6,552
Retirement benefit obligations	940	889
	<u>124,731</u>	<u>103,418</u>
Total Liabilities	279,128	307,766
TOTAL EQUITY AND LIABILITIES	<u><u>831,425</u></u>	<u><u>848,209</u></u>
Net assets per share (RM)	<u><u>1.67</u></u>	<u><u>1.63</u></u>

* 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 2006.

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Condensed Consolidated Income Statements
For the periods ended 31 March 2007

	3 months ended 31 March 2007 RM'000	3 months ended 31 March 2006 RM'000	3 months ended 31 March 2007 RM'000	3 months ended 31 March 2006 RM'000
Revenue	43,861	40,675	43,861	40,675
Cost of Sales	27,502	25,302	27,502	25,302
Gross Profit	16,359	15,373	16,359	15,373
Other income				
- Interest income	296	519	296	519
- Others	4,353	883	4,353	883
Administrative expenses	(7,849)	(7,463)	(7,849)	(7,463)
Profit from operations	13,159	9,312	13,159	9,312
Finance Cost				
- Interest expense	(9)	(2)	(9)	(2)
Share of profits of jointly controlled entity	-	-	-	-
Profit before taxation	13,150	9,310	13,150	9,310
Income Tax expense				
Company and subsidiaries	1,314	1,196	1,314	1,196
Jointly controlled entity	-	-	-	-
	(1,314)	(1,196)	(1,314)	(1,196)
Profit after taxation	11,836	8,114	11,836	8,114
Minority interest	-	-	-	-
Net Profit for the period	11,836	8,114	11,836	8,114
Earnings per share (sen)				
- Basic	3.57	2.45	3.57	2.45
- Diluted	3.47	2.40	3.47	2.40
Dividend per share (sen)				
- Interim tax exempt dividend	-	-	-	-
- Final dividend 7% less tax at 27%	-	-	-	-

The condensed consolidated income statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2006.

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity
For the period ended 31 March 2007

	← Non Distributable →				Distributable Retained profits RM 000	Total RM 000
	Share capital RM 000	Share Premium RM 000	Reserve on Consolidation RM 000	Other Reserves RM 000		
At 1 January 2007	165,579	161,881	-	543	212,440	540,443
Issuance of shares for ESOS	8	10	-	-	-	18
Profit after taxation for the period	-	-	-	-	11,836	11,836
Exchange Fluctuation Reserve (jointly controlled entity)	-	-	-	-	-	-
Share options granted under ESOS	-	-	-	-	-	-
At 31 March 2007	<u>165,587</u>	<u>161,891</u>	<u>-</u>	<u>543</u>	<u>224,276</u>	<u>552,297</u>
At 1 January 2006 (As previously reported)	165,550	161,836	53,780	-	154,339	535,505
Effect of change in accounting policy - FRS 112	-	-	-	-	(18,330)	(18,330)
Effect of adopting FRS3	-	-	(53,780)	-	53,780	-
At 1 January 2006 (Restated)	165,550	161,836	-	-	189,789	517,175
Issuance of shares for ESOS	5	7	-	-	-	12
Profit after taxation for the period	-	-	-	-	8,114	8,114
At 31 March 2006 (As restated)	<u>165,555</u>	<u>161,843</u>	<u>-</u>	<u>-</u>	<u>197,903</u>	<u>525,301</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 2006.

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Condensed Consolidated Cash Flow Statement
For the period ended 31 March 2007

	31 March 2007 RM '000	31 March 2006 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,150	9,310
Adjustments for -		
Depreciation	6,154	7,998
Interest expense	-	-
Interest income	(382)	(623)
Provision for retirement benefits	1,098	1,076
Other miscellaneous	(1,978)	(1,807)
	<hr/>	<hr/>
Operating profit before working capital changes	18,042	15,954
Net change in current assets	(1,128)	(3,647)
Net change in current liabilities	(12,157)	(525)
	<hr/>	<hr/>
Cash generated from operations	4,757	11,782
Interest paid	-	-
Retirement benefits paid	(151)	(181)
Tax paid	(951)	(1,071)
	<hr/>	<hr/>
Net cash from operating activities	3,655	10,530
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received (gross)	196	210
Interest received	382	623
Proceeds from disposal of investments	14,064	5,965
Purchase of investments	(14,275)	(6,150)
Net purchase of property, plant and equipment	(6,327)	(29,304)
	<hr/>	<hr/>
Net cash used in investing activities	(5,960)	(28,656)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	18	13
Term loans (net)	(4,055)	(5,055)
Dividend paid	-	-
	<hr/>	<hr/>
Net cash used in financing activities	(4,037)	(5,042)
Net Increase in cash and cash equivalents	(6,342)	(23,168)
Cash and cash equivalents at 1 January	83,549	144,990
	<hr/>	<hr/>
Cash and cash equivalents at 31 March	<u>77,207</u>	<u>121,822</u>
Cash and cash equivalents at 31 March		
Fixed deposits	70,000	116,500
Cash and bank balances	7,207	5,322
	<hr/>	<hr/>
	<u>77,207</u>	<u>121,822</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 2006.

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Notes to the Interim Financial Report

PART A – Notes Pursuant to FRS 134

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with FRS 134, 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 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

A2. Auditors' report on preceding annual financial statements

The audit report of the audited financial statements for the year ended 31 December 2006 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 2007.

A5. Changes in estimates

There is no changes in estimates that has had a material effect in the current quarter and current financial year to-date results.

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 except for the following:

Employees' Share Options Scheme (ESOS)

During the current quarter and financial year to-date ended 31 March 2007, the Company issued 16,000 ordinary shares of RM0.50 each respectively for cash pursuant to the Company's ESOS at exercise price of RM1.12 per ordinary share.

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Notes to the Interim Financial Report

A7. Dividends paid

	Amount		Net dividends per share	
	31 March 2007 RM'000	31 December 2006 RM'000	31 March 2007 Sen	31 December 2006 Sen
Interim tax-exempt dividend in respect of financial year ended 31 December 2006 of 5% paid on 22 December 2006	-	8,279	-	2.50
Final tax exempt dividend in respect of financial year ended 31 December 2005 of 7% less tax at 28 % paid on 21 July 2006	-	8,344	-	2.52
	-	16,623	-	5.02

No dividend was paid during the current quarter ended 31 March 2007.

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 fixed 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 2007.

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 2006 except as follows:

	31 March 2007 RM000	31 December 2006 RM000
Corporate Guarantee given to a bank in respect of credit facilities granted to a jointly controlled entity	743	743
	=====	=====

A13. Capital Commitments

	31 March 2007 RM000	31 December 2006 RM000
Approved Capital Expenditures: -		
(i) Contracted but not provided for in the accounts	68,000	72,000
(ii) Approved but not contracted for	335,000	338,000
	=====	=====

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 financial year to-date ended 31 March 2007 totalled 43.9 million, representing 7.8% increase over the preceding year corresponding periods revenue of RM40.7 million. The increases were derived mainly from the increase in sales of water and trunk mains contribution.

The Group attained a profit after taxation of RM11.8 million for the quarter in review, which is 45.7% higher than the preceding year corresponding quarter of RM8.1 million. This was mainly attributed to additional other revenue in the current quarter as compared to the preceding year corresponding quarter.

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

The Group recorded profit after taxation of RM11.8 million during the quarter under review, as compared to RM10.7 million in the preceding quarter. The increase is due to the lower tax expense in the current quarter.

B3. Commentary on the prospects

Barring unforeseen circumstances, the Board expects the Group to maintain its performance for the rest of the year 2007.

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 2007 RM'000	Current year-to-date ended 31 March 2007 RM'000
Current period tax		
- Company and subsidiaries	1,314	1,314
- Jointly controlled entity	-	-
Transfer to deferred taxation account	-	-
Total	1,314	1,314

The effective tax rate for the current quarter and financial year to-date ended 31 March 2007 is 10.0%.

The lower effective tax rate of the Group was due to reinvestment allowance claimed by the subsidiary company.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group for the current quarter to-date is as follows:

	31 March 2007 RM'000
Profit before taxation	13,150
Taxation at Malaysian statutory tax rate of 27%	3,551
Income not subject to tax	(15)
Expenses not deductible for tax purposes *	362
Utilisation of current year reinvestment allowances	(2,584)
Tax expense for the year	1,314

	31 March 2007 RM'000
Unutilised reinvestment allowances	92,135

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Notes to the Interim Financial Report

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 2007 RM'000	Current year-to-date ended 31 March 2007 RM'000
Balance at 01-01-2007 /01-01-2007	30,267	30,267
Add: Purchase of investments	14,275	14,275
Less : Proceeds from disposal of investments	(14,064)	(14,064)
Add: Gain on disposal of investments	1,782	1,782
Balance at 31-03-2007	32,260	32,260

(b) These investments are managed by external fund management companies in accordance with the terms of the investment management mandate.

As at 31 March 2007 and 31 December 2006, the funds were invested as follows:

	31 March 2007 RM'000	31 December 2006 RM'000
Shares quoted in Malaysia, at cost	24,099	22,788
Fixed interest securities, at cost	-	7
Fixed deposits with licensed banks	2,926	2,328
Money market placement	5,235	5,144
Total	32,260	30,267

Market value of quoted shares	29,994	26,785
	=====	=====

B8. Corporate proposals

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

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Notes to the Interim Financial Report

B9. Borrowing and debt securities

	31 March 2007 RM'000	31 December 2006 RM'000
Short Term Borrowings-Local Currency	7,552	6,552
Long Term Borrowings-Local Currency	86,389	91,444
	93,941	97,996

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 12 to 20 years by yearly instalments ranging between RM14,800 and RM2,940,000 per annum.

During the current quarter and financial year-to-date ended 31 March 2007, based on an agreement with the respective parties an amount of unsecured term loan totaling RM45,792,000 due to the State Government of Penang has been reclassified to amount due to Jabatan Bekalan Air Pulau Pinang (JBAPP) disclosed under current liabilities.

Amount due to JBAPP as at 31 March 2007 totaling RM43,470,000 (31/12/06 – RM11,164,000) disclosed under current liabilities comprises advances for future project progress payments to be made on its behalf.

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 has recommended a final dividend of 7% less tax at 27% amounting to approximately RM8,461,000 in respect of the financial year ended 31 December 2006 subject to the approval of shareholders at the forthcoming Annual General Meeting. The financial statements for the financial year and period ended 31 December 2006 and 31 March 2007 respectively do not reflect this proposed final dividend. It will be accounted for in the shareholders' equity as an appropriation of retained profits in financial year 2007 accordingly.

PBA HOLDINGS BHD.
(Incorporated in Malaysia)

Notes to the Interim Financial Report

B13. Earnings per share (sen)

(a) Basic

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 2007	Current year-to-date ended 31 March 2007
Group's profit after taxation attributable to ordinary shareholders: (RM'000)	11,836	11,836
Weighted average number of ordinary shares in issue: ('000)	331,168	331,168
Basic earnings per share (sen)	3.57	3.57

(b) Diluted

The calculation of diluted 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 2007	Current year-to-date ended 31 March 2007
Group's profit after taxation attributable to ordinary shareholders: (RM'000)	11,836	11,836
Weighted average number of ordinary shares in issue: ('000)	331,168	331,168
Effect of dilution in share option: ('000)	9,635	9,635
Adjusted weighted average number of ordinary shares in issue: ('000)	340,803	340,803
Diluted earnings per share (sen)	3.47	3.47

B14. Authorisation for Issue

On 24 May 2007, the Board of Directors authorised this Interim Financial Report for issue.