



Company No. : 570244-T
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006.

THE FIGURES HAVE NOT BEEN AUDITED.

I. CONDENSED CONSOLIDATED INCOME STATEMENT

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-------------------------|---|--------------------|-------------------|
| | Current year quarter | Preceding year corresponding quarter | Nine months to | Nine months to |
| | 30/9/2006 | 30/9/2005 | 30/9/2006 | 30/9/2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue (Remark 1) | 501,523 | 405,005 | 1,527,355 | 1,230,697 |
| Cost of operations | (155,690) | (138,653) | (444,216) | (448,410) |
| Gross profit | 345,833 | 266,352 | 1,083,139 | 782,287 |
| Other income (Remark 3) | 10,206 | 8,498 | 33,649 | 358,871 |
| General and administration expenses | (11,527) | (9,969) | (29,643) | (27,917) |
| Finance income | 15,299 | 12,695 | 46,680 | 37,487 |
| Finance costs | (106,850) | (109,282) | (324,268) | (297,799) |
| Profit before taxation | 252,961 | 168,294 | 809,557 | 852,929 |
| Taxation (Note 14) | (2,013) | (1,918) | (4,689) | (5,154) |
| Profit for the period attributable to equity holders of the parent | 250,948 | 166,376 | 804,868 | 847,775 |
| Basic earnings per share (Note 26) | | | | |
| - before Senai Compensation (Remark 3) | 5.02 sen | 3.33 sen | 16.10 sen | 10.32 sen |
| - after Senai Compensation (Remark 3) | 5.02 sen | 3.33 sen | 16.10 sen | 16.96 sen |

The condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



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Remarks :-

1. Revenue consists of expressway toll collections, toll compensation recoverable from the Government, net of the Government's share of toll revenue (if any), and operation service fees receivable from the provision of expressway operation services to other expressway companies. Revenue is analysed as follows:-

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|---|---|
| | Current year quarter 30/9/2006 RM'000 | Preceding year corresponding quarter 30/9/2005 RM'000 | Nine months to 30/9/2006 RM'000 | Nine months to 30/9/2005 RM'000 |
| Toll collection | 412,683 | 409,270 | 1,233,361 | 1,224,934 |
| Gross toll compensation | 159,802 | 42,092 | 477,566 | 126,056 |
| Less: Notional tax on tax exempt dividend | (a) (72,946) | (48,278) | (189,524) | (126,056) |
| Net toll compensation | 86,856 | (6,186) | 288,042 | - |
| Net toll revenue | 499,539 | 403,084 | 1,521,403 | 1,224,934 |
| Operation service fees | 1,984 | 1,921 | 5,952 | 5,763 |
| Total revenue | 501,523 | 405,005 | 1,527,355 | 1,230,697 |

- (a) For the period under review, net toll compensation has been computed after taking into account, inter alia, the effects of notional tax on dividends that Projek Lebuhraya Utara-Selatan Berhad ("PLUS") may declare from the tax exempt profits available for distribution, pursuant to the provisions of the Second Supplemental Concession Agreement with the Government. The deduction of notional tax on tax exempt dividend for the first quarter 2006 included the excess amount brought forward from year 2005 of RM3.83 million.

2. Included in cost of operations and general and administration expenses are the amounts of depreciation and amortisation, analysed as follows:-

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|---|---|
| | Current year quarter 30/9/2006 RM'000 | Preceding year corresponding quarter 30/9/2005 RM'000 | Nine months to 30/9/2006 RM'000 | Nine months to 30/9/2005 RM'000 |
| Depreciation of property, plant and equipment | 1,567 | 2,236 | 4,168 | 6,732 |
| Amortisation of concession assets | 63,126 | 45,300 | 166,471 | 130,370 |
| Amortisation of intangible assets | 256 | 247 | 772 | 648 |
| Total depreciation and amortisation | 64,949 | 47,783 | 171,411 | 137,750 |

3. Included in other income for the nine months ended 30 September 2005 is the compensation amount of RM331.68 million due to PLUS by the Government as a result of the closure of the Senai toll plaza ("Senai Compensation") effective 1 March 2004.



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II. **CONDENSED CONSOLIDATED BALANCE SHEET**

| | | Unaudited As at end of current quarter 30/9/2006 | Audited As at preceding financial year-end 31/12/2005 (As restated) |
|---|-------------|---|--|
| | <u>Note</u> | RM'000 | RM'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Concession assets | | 8,723,000 | 8,718,554 |
| Property, plant and equipment | | 43,038 | 43,500 |
| Intangible assets | | 2,925 | 3,546 |
| Deferred tax assets | | 70,322 | 70,322 |
| Toll compensation recoverable from the Government | | 854,326 | 566,284 |
| Long term investment | 16(c) | 21,090 | - |
| Non-current cash and bank balances | | 524 | - |
| | | 9,715,225 | 9,402,206 |
| Current assets | | | |
| Inventories | | 190 | 266 |
| Amount recoverable from the Government for Additional Works | 27 | 133,376 | 22,400 |
| Sundry receivables, deposits and prepayments | | 68,003 | 21,855 |
| Amount owing by related companies | | 7,652 | 5,645 |
| Short term investments | 16(b) | 39,823 | 20,438 |
| Short term deposits | | 2,138,486 | 2,526,073 |
| Cash and bank balances | | 7,976 | 8,908 |
| | | 2,395,506 | 2,605,585 |
| Total assets | | 12,110,731 | 12,007,791 |



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II. **CONDENSED CONSOLIDATED BALANCE SHEET (CONT'D)**

| | <u>Note</u> | Unaudited As at end of current quarter 30/9/2006 | Audited As at preceding financial year-end 31/12/2005 (As restated) |
|---|-------------|---|--|
| | | RM'000 | RM'000 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 1,250,000 | 1,250,000 |
| Reserves | | | |
| Capital reserve | | 461,138 | 461,138 |
| Merger reserve | | 298,834 | 298,834 |
| Other non-distributable reserves | | 363 | - |
| Retained profits | | 2,456,338 | 2,151,470 |
| Total equity | | <u>4,466,673</u> | <u>4,161,442</u> |
| Non-current liabilities | | | |
| Long term borrowings | 18 | 6,137,421 | 6,568,198 |
| Amount owing to immediate holding company | | 6,885 | 6,885 |
| Retirement benefits | | 11,095 | 10,171 |
| Deferred liabilities | | 41,758 | 42,765 |
| Deferred tax liabilities | | 1,180 | 1,543 |
| | | <u>6,198,339</u> | <u>6,629,562</u> |
| Current liabilities | | | |
| Trade payables | | 6,924 | 10,066 |
| Sundry payables and accruals | | 127,411 | 60,145 |
| Amount received from the Government for Additional Works | 27 | 705,737 | 688,202 |
| Amount owing to immediate holding company | | 21,275 | 17,998 |
| Amount owing to related companies | | 33,350 | 39,768 |
| Short term borrowings | 18 | 550,000 | 400,000 |
| Tax payable | | 1,022 | 608 |
| | | <u>1,445,719</u> | <u>1,216,787</u> |
| Total liabilities | | <u>7,644,058</u> | <u>7,846,349</u> |
| Total equity and liabilities | | <u>12,110,731</u> | <u>12,007,791</u> |
| Net assets per share attributable to ordinary equity holders of the parent | | <u>RM0.89</u> | <u>RM0.83</u> |

The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



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III. **CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

| | Unaudited Nine months to 30/9/2006 RM'000 | Unaudited Nine months to 30/9/2005 RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Cash receipts from toll operations | 1,230,037 | 1,224,625 |
| Cash receipts from other services | 36,031 | 34,385 |
| Cash compensation received from the Government in relation to closure of Senai toll plaza | - | 281,410 |
| Cash payments for expenses | (303,242) | (301,914) |
| Cash generated from operations | 962,826 | 1,238,506 |
| Income tax paid | (4,638) | (5,476) |
| Future maintenance expenditure received | 800 | - |
| Net cash generated from operating activities | 958,988 | 1,233,030 |
| Cash flows from investing activities | | |
| Profit element and interest income received | 41,503 | 31,803 |
| Proceeds from sales of property, plant & equipment | 22 | 609 |
| Proceeds from maturity of short term investments | 70,000 | 15,000 |
| Amount received from the Government for Additional Works (Note 27) | - | 683,073 |
| Interest earned on amount received from the Government for Additional Works (Note 27) | 17,535 | - |
| Purchase of property, plant and equipment | (3,995) | (6,858) |
| Purchase of investments | (110,386) | (5,021) |
| Payments for Additional Works | (144,902) | - |
| Payments for concession assets | (175,363) | (195,259) |
| Net cash (used in)/ from investing activities | (305,586) | 523,347 |
| Cash flows from financing activities | | |
| Redemption of Bai Bithaman Ajil Islamic Debt Securities ("BAIDS") | (400,000) | (300,000) |
| Profit element on BAIDS paid | (141,438) | (148,112) |
| Proceeds from issuance of Zero Coupon Serial Bai Bithaman Ajil Islamic Securities ("Zero Serial BBA") | - | 1,047,972 |
| Settlement of Government Support Loan and Additional Support Loan | - | (962,000) |
| Dividends paid | (500,000) | (200,000) |
| Net cash used in financing activities | (1,041,438) | (562,140) |
| Net change in cash and cash equivalents | (388,036) | 1,194,237 |
| Translation Difference | 41 | |
| Cash and cash equivalents as at beginning of the financial period | 2,534,981 | 1,360,042 |
| Cash and cash equivalents as at end of the financial period | 2,146,986 | 2,554,279 |

(a)



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| | Unaudited As at 30/9/2006 RM'000 | Unaudited As at 30/9/2005 RM'000 |
|---|---|---|
| (a) Cash and cash equivalents comprise the following: | | |
| Non-current cash and bank balances | | |
| Restricted | 524 | - |
| Current cash and bank balances | | |
| Short term deposits | 2,138,486 | 2,549,419 |
| Cash and bank balances | <u>7,976</u> | <u>4,860</u> |
| | <u>2,146,986</u> | <u>2,554,279</u> |

The use of the balances in PLUS, which include the minimum amounts of RM1,031.1 million (2005: RM868.0 million) held under the Finance Service Reserve Account and Maintenance Reserve Account pursuant to the Bai Bithaman Ajil Islamic Debt Securities ("BAIDS") agreement, is subject to certain covenants and restrictions as set out in the security arrangements of the bonds. In addition, the amount received from the Government of RM680.6 million and total interest earned of RM25.1 million shall be used solely for the Additional Works pursuant to the provisions under the TSCA.

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



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IV CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to equity holders of the parent → | | | | | Total Equity RM'000 |
|---|--|-----------------------------|-----------------------------|------------|-------------------------------|---------------------------|
| | Share Capital RM'000 | ← Non Distributable → | | | Retained Profits RM'000 | |
| | Capital Reserve RM'000 | Merger Reserve RM'000 | Other Reserves RM'000 | | | |
| Nine months to 30 September 2006 (Unaudited) | | | | | | |
| Balance as at 1 January 2006 | 1,250,000 | 461,138 | 298,834 | - | 2,151,470 | 4,161,442 |
| Currency translation differences, representing net income recognised directly in equity | - | - | - | 22 | - | 22 |
| Profit for the period | - | - | - | - | 804,868 | 804,868 |
| Total recognised income and expense for the period | - | - | - | 22 | 804,868 | 804,890 |
| Share-based payment | - | - | - | 341 | - | 341 |
| Final tax exempt dividend FY2005 (Note 7) | - | - | - | - | (250,000) | (250,000) |
| Interim tax exempt dividend FY2006 (Note 7) | - | - | - | - | (250,000) | (250,000) |
| Balance as at 30 September 2006 | <u>1,250,000</u> | <u>461,138</u> | <u>298,834</u> | <u>363</u> | <u>2,456,338</u> | <u>4,466,673</u> |
| Nine months to 30 September 2005 (Unaudited) | | | | | | |
| Balance as at 1 January 2005 | 1,250,000 | 461,138 | 298,834 | - | 1,487,719 | 3,497,691 |
| Profit for the period | - | - | - | - | 847,775 | 847,775 |
| Total recognised income and expense for the period | - | - | - | - | 847,775 | 847,775 |
| Final tax exempt dividend FY2004 | - | - | - | - | (200,000) | (200,000) |
| Interim tax exempt dividend FY2005 | - | - | - | - | (200,000) | (200,000) |
| Balance as at 30 September 2005 | <u>1,250,000</u> | <u>461,138</u> | <u>298,834</u> | <u>-</u> | <u>1,935,494</u> | <u>3,945,466</u> |

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.



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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2005.

1. Accounting policies and methods of computation

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134₂₀₀₄, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), except for the adoption of an accounting policy on non-current investments and the following new/revised Financial Reporting Standards ("FRS") effective 1 January 2006 as disclosed below:

| | |
|---------|--|
| FRS 2 | Share-based Payment |
| FRS 3 | Business Combinations |
| FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 128 | Investments in Associates |
| FRS 131 | Interests in Joint Ventures |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |
| FRS 140 | Investment Property |

Details of the non-current investments accounting policy adopted during the year are as follows:

Non-Current Investments

Non-current investments other than investments in subsidiaries are stated at cost less accumulated impairment losses. The policy for the recognition and measurement of impairment losses are in accordance with that of the most recent financial statements of the Group. On disposal of an investment, the difference between net disposal proceeds and the carrying amount is charged or credited to the Income Statement.

The adoption of FRS 3, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:-

a) **FRS 2: Share-based Payment**

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity or entity's parent or another entity in the same group as the entity.

United Engineers (Malaysia) Berhad ("UEM") operates an equity-settled, share-based compensation plan for the eligible employees of UEM, its subsidiaries and certain of its associates and Khazanah Nasional Berhad, namely the Employee Equity Scheme ("EES"), in relation to the shares of UEM World Berhad.

As a subsidiary of UEM, the employees of PLUS Expressways Berhad and its subsidiary company participate in the EES. Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting period of the grants with a corresponding increase in equity.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006. The share options granted under the above EES during financial year 2005 have been fully vested and as such, have no impact to the financial statements.

Should there be any share options granted after 1 January 2006, the imputed charges of the share options will be recognised in the Income Statement over the vesting period. For the current period under review, FRS 2 has resulted in a charge of approximately RM0.3 million to the profit of the Group arising from the share options under the EES granted to the employees of the Group.



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b) **FRS 101: Presentation of Financial Statements**

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform to the current period's presentation.

In the Consolidated Balance Sheet, toll compensation recoverable from the Government which is expected to be realised for at least twelve months after the balance sheet date is now reclassified as non-current assets as at the balance sheet date as shown in note 1(d) below.

c) **FRS 138: Intangible Assets**

With the adoption of FRS 138, the Group changed its accounting policy and classification of certain acquired computer software and licenses whereby computer software and licenses that are not forming an integral part of the related hardware are reclassified as intangible assets from property, plant and equipment as shown in note 1(d) below. The intangible assets are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight line basis over their estimated useful lives of 5 years. The carrying value of intangible assets is reviewed for impairment whenever event or changes in circumstances indicate the carrying value may not be recoverable.

There is no impact to the annual amortisation of the intangible assets as a result of the reclassification.

d) **Comparatives**

The following amounts as at 31 December 2005 have been reclassified:

| | Previously Stated RM'000 | Reclassification RM'000 | Restated RMM'000 |
|---|---|------------------------------------|-----------------------------|
| Non-current assets: | | | |
| Property, plant and equipment (Note 1c) | 47,046 | (3,546) | 43,500 |
| Intangible assets (Note 1c) | - | 3,546 | 3,546 |
| Toll compensation recoverable from the Government (Note 1b) | - | 566,284 | 566,284 |
| Current assets | | | |
| Toll compensation recoverable from the Government (Note 1b) | 566,284 | (566,284) | - |

2. **Audit report in respect of the 2005 financial statements**

The audit report on the Group's financial statements for the financial year ended 31 December 2005 was not qualified.

3. **Seasonal or cyclical factors**

The Group's operations are not subject to any significant seasonal or cyclical factors, except that toll collection is generally higher during holiday and festive periods.

4. **Unusual items due to their nature, size or incidence**

There were no items affecting assets, liabilities, equity, net income, or cash flow that were unusual because of their nature, size and incidence in the current period.



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5. Material changes in estimates used

There were no changes in estimates of amounts reported in prior interim period of the current financial period or prior financial years that have a material effect in the current period except as disclosed below:

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values of its aircraft and motor vehicles with effect from 1 January 2006. The revisions were accounted for as a change in accounting estimates and as a result, the depreciation charges for the nine months ended 30 September 2006 have been reduced by RM2.6 million.

6. Debt and equity securities

The Group did not undertake any other issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 2006 except for the redemption of Primary Bonds of BAIDS amounting to RM400 million by PLUS in May 2006.

7. Dividend

A final tax exempt dividend of 5.0 sen per ordinary share of RM0.25 each amounting to RM250,000,000 for financial year ended 31 December 2005 was paid on 31 May 2006.

An interim tax exempt dividend of 5.0 sen per ordinary share of RM0.25 each for the financial year ending 31 December 2006 amounting to RM250,000,000 was paid on 29 September 2006. (2005: interim tax exempt dividend of 4.0 sen per ordinary share of RM0.25 each).

Subsequent to the period ended 30 September 2006, the Directors have, on 15 November 2006, announced the declaration of a second interim tax exempt dividend of 5.0 sen per ordinary share of RM0.25 each for the financial year ending 31 December 2006. The entitlement date for the second interim dividend shall be on 4 December 2006 and the payment date shall be on 22 December 2006.

8. Segment information for the current financial period

No segment analysis is prepared as the Group is primarily engaged in the operation and maintenance of toll roads and expressways in Malaysia.

9. Valuation of property, plant and equipment

The valuations of property, plant and equipment used in the condensed financial statements have been brought forward without amendment from the previous financial statements.

10. Material events subsequent to the end of the current financial period

In the opinion of the Directors, there are no items, transactions or events of a material and unusual nature which have arisen from 30 September 2006 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 2006, except for the following:

On 10 October 2006, PLUS issued the following globally Shariah-compliant Islamic Securities under the Islamic principle of Musyarakah:

- (i) RM2,260 million nominal value of zero coupon Sukuk Series 1 ("Sukuk Series 1") in exchange for the RM2,260 million nominal value Bai' Bithaman Ajil Serial Bonds ("BBA Serial Bonds");
- (ii) RM2,410 million nominal value of zero coupon Sukuk Series 2 ("Sukuk Series 2") in exchange for the RM2,410 million nominal value Zero Coupon Serial Bai' Bithaman Ajil Islamic Securities ("Zero Serial BBA"); and
- (iii) RM1,375 million nominal value of zero coupon Sukuk Series 3 ("Sukuk Series 3") pursuant to the RM4,500 nominal value of Sukuk Series 3 medium term notes programme ("Sukuk MTN Programme") for the following purposes:
 - redeem the BAIDS in accordance with the BAIDS' trust deed; and
 - for general funding requirements of PLUS after full redemption of the BAIDS.



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11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations except as stated below:-.

As announced in the previous quarter, PLUS Expressways Berhad ("PEB") has received a letter of acceptance on 16 May 2006 from the Maharashtra State Road Development Corporation Ltd ("MSRDC") of India in relation to the tender bid jointly submitted with Concept Management Consulting Private Limited ("CMCL") through an unincorporated consortium (herein referred to as "PEB-CMCL Consortium") on 15 December 2005 for the proposed four laning & improvement, operation and maintenance and toll collection of Bhiwandi – Kalyan – Shil Phata Highway on Build, Operate and Transfer basis ("BKSP Project"). In relation to this, the following foreign subsidiaries were incorporated subsequently:

- (a) On 9 June 2006, PEB has incorporated a foreign subsidiary in Port Louis, Mauritius vide a subscription of 2 ordinary shares of United States Dollar ("USD") 1.00 each representing 100% equity interest in PLUS Kalyan (Mauritius) Private Limited ("PLUS Kalyan") for a total cash consideration of USD2.00 only.

PLUS Kalyan is a private company limited by shares with paid up capital of USD2.00 comprising 2 shares of USD1.00 each. The intended principal activity of PLUS Kalyan is investment holding.

- (b) On 24 July 2006, PEB has caused a foreign subsidiary, PLUS BKSP Toll Limited ("PLUS BKSP") to be incorporated in Kanpur, India as a special purpose vehicle company to execute the BKSP project as mentioned above. PEB has subscribed to 55% of PLUS BKSP's equity interest and the remaining 45% is subscribed by CMCL and 5 other individuals.

PLUS BKSP is a public company limited by shares with paid-up capital of Indian Rupee ("INR") 500,000, comprising 50,000 shares of INR10.00 each.

On 25 August 2006, PLUS BKSP, PEB-CMCL Consortium and MSRDC have entered into a Concession Agreement for the BKSP Project.

Attendant and concurrent to the execution of the Concession Agreement, PEB-CMCL Consortium and PLUS BKSP have entered into the Intra Group Agreement on 25 August 2006. The Intra Group Agreement provides that all rights, benefits and obligations of PEB-CMCL Consortium as the successful bidder of the project will be carried out and accrued by PLUS BKSP and PLUS BKSP agrees to execute and complete the project in compliance with the terms and conditions of the Concession Agreement.

On 30 August 2006, PEB, PLUS BKSP, PLUS Kalyan, CMCL, Siddhant Krishna Infrastructure Project Limited ("SKIL") and 5 individual subscribers have entered into a Shareholders' Agreement to govern the rights, responsibilities and obligations of the parties as shareholders of PLUS BKSP.

12. Contingent liabilities

As at the date of this announcement, there does not exist any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

13. Capital commitments

| | As at 30/9/2006 |
|--------------------------------------|-------------------------|
| | RM'000 |
| Amount authorised and contracted for | |
| - Additional Works | 884,292 |
| - Others | <u>263,185</u> |
| | <u><u>1,147,477</u></u> |



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14. Taxation

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---------------------------------------|---------------------------------------|
| | Current year quarter 30/9/2006 RM'000 | Preceding year corresponding quarter 30/9/2005 RM'000 | Nine months to 30/9/2006 RM'000 | Nine months to 30/9/2005 RM'000 |
| Malaysian taxation | | | | |
| - Current taxation | 1,917 | 2,100 | 4,240 | 4,738 |
| - Under provision of taxation in respect of prior years | 460 | - | 812 | - |
| - Deferred taxation – reversal of timing differences | (364) | (182) | (363) | 416 |
| | <u>2,013</u> | <u>1,918</u> | <u>4,689</u> | <u>5,154</u> |

The Minister of Finance has, on 25 June 2003, made an order which may be cited as Income Tax (Exemption) (No. 34) Order 2003, exempting PLUS from payment of income tax in respect of its adjusted income from all sources from 2002 until 2006.

The taxation for the current year quarter of RM1.9 million mainly relates to income received by PLUS Expressways Berhad for provision of expressway operational services to other expressway companies.

15. Disposal of unquoted investments and/or properties

There were no disposals of unquoted investments and/or properties in the current period except for the maturity of unquoted investment of RM70 million in the commercial papers/medium term notes.

16(a) Acquisitions and disposals of quoted securities

There were no acquisitions and disposals of quoted securities in the current period ended 30 September 2006.

16(b) Short term investments

Total short term investments in securities as at 30 September 2006 are as follows:

| | As at 30/9/2006 |
|---|----------------------------|
| | RM'000 |
| Quoted shares, at cost | 1,164 |
| Less: Accumulated impairment loss | <u>(734)</u> |
| Net carrying amount of quoted shares (Note i) | 430 |
| Unquoted investment-at cost (Note ii) | <u>39,393</u> |
| Total short term investments | <u>39,823</u> |

Note i: The market value of the quoted shares was RM430,000 as at 30 September 2006.

Note ii: For the current period under review, PLUS purchased unquoted investment in the form of Islamic commercial papers.



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16(c) Long term investment

**As at
30/9/2006**

RM'000

Total unquoted long term investments-at carrying value

21,090

For the current period under review, PLUS purchased unquoted long term investment in the form of Islamic bonds, with maturity of more than 12 months.

17. Status of corporate proposals announced but not completed as at the date of this announcement

There were no corporate proposals announced but not completed as at the date of this announcement.

18. Borrowings and debt securities

The details of Group borrowings and debt securities as at 30 September 2006 are as follows:

| | Long term borrowings | | | Short term borrowings | | |
|---|----------------------|-----------|------------------|-----------------------|-----------|----------------|
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Debt securities</u> | | | | | | |
| Domestic | | | | | | |
| - BAIDS (Note a) | 3,550,000 | - | 3,550,000 | 550,000 | - | 550,000 |
| - Bai Bithaman Ajil Serial Bonds | 1,446,928 | - | 1,446,928 | - | - | - |
| - Zero Coupon Serial Bai Bithaman Ajil Islamic Securities | 1,140,493 | - | 1,140,493 | - | - | - |
| TOTAL | 6,137,421 | - | 6,137,421 | 550,000 | - | 550,000 |

(a) Included in Sundry payables and accruals in the Condensed Consolidated Balance Sheet as at 30 September 2006 is the profit amount for BAIDS of RM88.5 million due and payable in November 2006.

19. Off Balance Sheet financial instruments

There are no financial instruments with off-balance sheet risks as at the date of this announcement.

20. Material litigation

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement.

21. Comparison between the current quarter and the immediate preceding quarter

Toll collection (as disclosed in Remark 1 to the Condensed Consolidated Income Statement) for the current quarter grew by RM1.0 million to RM412.7 million as compared to the immediate preceding quarter, attributable to a 0.2% growth in traffic volume.

Total revenue of RM501.5 million for the current quarter was RM9.3 million or 1.8% lower than the immediate preceding quarter due to lower net toll compensation as a result of higher provision of notional tax on tax exempt dividend.

Profit before taxation for the current quarter of RM253.0 million was RM14.2 million or 5.3% lower than the immediate preceding quarter of RM267.2 million which is mainly due to lower revenue as explained above.



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22. Review of performance for the current quarter and year-to-date

Toll collection for the third quarter 2006 (as set out in Remark 1 to the Condensed Consolidated Income Statement) was higher by RM3.4 million or 0.8% as compared to third quarter 2005. For the nine months ended 30 September 2006, toll collection increased by RM8.5 million to RM1,233.4 million from RM1,224.9 million for the same period last year, on a year-on-year traffic growth of 0.7%.

Total revenue for the current quarter of RM501.5 million was RM96.5 million or 23.8% higher than the preceding year corresponding quarter of RM405.0 million. As for the first nine months of 2006, the Group reported total revenue of RM1,527.4 million which was RM296.7 million or 24.1% higher than RM1,230.7 million for the same period last year. The growth is primarily attributed to higher net toll compensation due to higher differential in the agreed toll rate per SCA (18.91 sen per km) and actual toll rate as imposed (13.60 sen per km) for computation of gross toll compensation, effective 1 January 2006.

Profit before taxation for the current quarter of RM253.0 million was RM84.7 million or 50.3% higher than the preceding year corresponding quarter of RM168.3 million, primarily attributable to higher revenue as explained above.

Profit before taxation for the nine months ended 30 September 2006 of RM809.6 million was 5.1% or RM43.3 million lower than the preceding year corresponding period of RM852.9 million. For comparative purpose, excluding the one-off Senai Compensation recognised in the first quarter of 2005, profit before taxation for the nine months period ended 30 September 2006 would be higher by RM288.4 million or 55.3%, mainly attributable to higher toll compensation.

For the nine months ended 30 September 2006, the Group has generated **cash from operating activities** of RM959.0 million, 0.8% higher than the same period in 2005 (exclusive of the portion of Senai Compensation received from the Government of RM281.4 million). The Group's **cash flow** remains strong with cash balance of RM2,147.0 million as at 30 September 2006.



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23. Economic profit ("EP") statement

| | Individual Quarter | | Cumulative Quarter | |
|--|----------------------|--------------------------------------|--------------------|------------------|
| | Current year quarter | Preceding year corresponding quarter | Nine months to | Nine months to |
| | 30/9/2006 | 30/9/2005 | 30/9/2006 | 30/9/2005 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Net operating profit after tax ("NOPAT") computation:</u> | | | | |
| Earnings before interest and tax ("EBIT") | 344,512 | 264,881 | 1,087,145 | 1,113,241 |
| Adjusted tax | (2,013) | (1,918) | (4,689) | (5,154) |
| NOPAT | 342,499 | 262,963 | 1,082,456 | 1,108,087 |
| <u>Economic charge computation:</u> | | | | |
| Average invested capital (Note 1) | 9,338,168 | 9,177,831 | 9,338,168 | 9,177,831 |
| Weighted average cost of capital ("WACC") (%) (Note 2) | 8.26% | 8.17% | 8.26% | 8.17% |
| Economic charge | 192,833 | 187,457 | 578,500 | 562,372 |
| Economic profit | 149,666 | 75,506 | 503,956 | 545,715 |

The EP statement is as prescribed under the GLC Transformation program, and is disclosed on a voluntary basis. EP measures the value created by a business during a single period reflecting how much return a business makes over its cost of capital.

EP for the current quarter of RM149.7 million is RM74.2 million higher as compared to the third quarter 2005, mainly due to higher net toll compensation. EP for the first nine months of 2006 of RM504.0 million is lower by RM41.7 million or 7.6% than the preceding year corresponding period of RM545.7 million, primarily due to the one-off Senai Compensation of RM331.7 million recognised in first quarter 2005. Excluding that, EP would have increased by RM290.0 million instead.

Note 1:

Average invested capital consists of average operating working capital, average net property, plant and equipment and average net other operating assets.

Note 2:

WACC is calculated as weighted average cost of debts and equity taking into account the market capitalisation as at end of the period.

24. Prospects for the current financial year

For nine months up to September 2006, PLUS recorded a growth in traffic volume of 0.7% as compared to the same period last year. The recent Hari Raya Aidilfitri and Deepavali festive holidays in October 2006 had further contributed to the increase in traffic, resulting in a growth of 18.0% for the month of October 2006. Coupled with the long year-end school holidays, the Board is confident that the traffic performance for year 2006 would be significantly better than last year.

With the completion of the debt restructuring exercise in October 2006, the Board had, on 15 November 2006, approved another interim dividend of 5 sen per share or a total amount of RM250 million. This brings a total dividend of 10 sen per share to date for financial year 2006 as compared to a total of 9 sen per share for the entire financial year 2005. Barring any unforeseen circumstances, PLUS Expressways Berhad expects to exceed its targeted dividend growth of 12% for financial year 2006, as set out in its Key Performance Indicators announced in May this year.



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25. Profit forecast

No profit forecast has been made in respect of financial period ended 30 September 2006.

26. Basic earnings per share

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---------------------------------------|---------------------------------------|
| | Current year quarter 30/9/2006 | Preceding year corresponding quarter 30/9/2005 | Nine months to 30/9/2006 | Nine months to 30/9/2005 |
| Profit for the period attributable to equity holders of the parent (RM'000) | 250,948 | 166,376 | 804,868 | 847,775 |
| No. of ordinary shares ('000) | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Basic earnings per share (Sen) | | | | |
| - before Senai Compensation | <u>5.02 sen</u> | <u>3.33 sen</u> | <u>16.10 sen</u> | <u>10.32 sen</u> |
| - after Senai Compensation | <u>5.02 sen</u> | <u>3.33 sen</u> | <u>16.10 sen</u> | <u>16.96 sen</u> |

27. Amount recoverable/ received from the Government for Additional Works

PLUS has on 17 November 2006 executed the Proceeds Account Agreement with the Government to formalise the rights, utilisation and administration of the amount received from the Government for the Additional Works of RM680.59 million and the interest earned therefrom. Pursuant to the TSCA, the amount shall be utilised solely for the purpose of the Additional Works and together with the interest earned, have been deposited into the Proceeds Account.

With the signing of the above agreement, the amount recoverable from the Government of RM133.4 million relates to the costs incurred for the Additional Works until 30 September 2006, shall be set off against the RM680.59 million in the following quarter.

By Order of the Board

TAN HWEE THIAN (MIA 1904)

MAZYU SHERINA BINTI MOHAMED YUSOF (LS 0008780)

Joint Company Secretaries

**Kuala Lumpur
 23 November 2006**