



Company No. : 570244-T
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007.

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
	30/9/2007	30/9/2006	30/9/2007	30/9/2006
	RM'000	RM'000	RM'000	RM'000
Revenue (Remark 1)	553,892	501,523	1,647,537	1,527,355
Direct cost of operations	(165,994)	(155,690)	(490,504)	(444,216)
Gross profit	387,898	345,833	1,157,033	1,083,139
Other income	10,816	10,206	34,769	33,649
General and administration expenses	(13,876)	(11,527)	(36,677)	(29,643)
Finance income	18,305	15,299	60,484	46,680
Finance costs	(111,261)	(106,850)	(340,979)	(324,268)
Profit before taxation	291,882	252,961	874,630	809,557
Taxation (Note 13(a))	(5,710)	(2,013)	(19,606)	(4,689)
Profit for the period	286,172	250,948	855,024	804,868
Attributable to :				
Equity holders of the Company	286,231	250,948	855,149	804,868
Minority interests	(59)	-	(125)	-
	286,172	250,948	855,024	804,868
Basic earnings per share (Note 25)	5.72 sen	5.02 sen	17.10 sen	16.10 sen

The condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 30/9/2007 RM'000	Preceding year corresponding quarter 30/9/2006 RM'000	Nine months to 30/9/2007 RM'000	Nine months to 30/9/2006 RM'000
Toll collection	451,558	412,683	1,317,751	1,233,361
Gross toll compensation	174,794	159,802	510,179	477,566
Less: Notional tax on tax exempt dividend	(73,973)	(72,946)	(184,932)	(189,524)
Net toll compensation	(a) 100,821	86,856	325,247	288,042
Net toll revenue	552,379	499,539	1,642,998	1,521,403
Operation service fees	1,513	1,984	4,539	5,952
Total revenue	553,892	501,523	1,647,537	1,527,355

- (a) For the current period under review, net toll compensation has been computed after taking into account, inter alia, the effects of notional tax on dividend that Projek Lebuhraya Utara-Selatan Berhad ("PLUS") declared from the tax exempt profits available for distribution, pursuant to the provisions of the Second Supplemental Concession Agreement with the Government.

2. Included in direct 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 30/9/2007 RM'000	Preceding year corresponding quarter 30/9/2006 RM'000	Nine months to 30/9/2007 RM'000	Nine months to 30/9/2006 RM'000
Depreciation of property, plant and equipment	1,669	1,567	5,178	4,168
Amortisation of concession assets	63,596	63,126	181,534	166,471
Amortisation of intangible assets	278	256	819	772
Total depreciation and amortisation	65,543	64,949	187,531	171,411



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II. CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS	<u>Note</u>	Unaudited As at end of current quarter 30/9/2007	Audited As at preceding financial year-end 31/12/2006 (As restated)
		RM'000	RM'000
Non-current assets			
Concession assets		8,836,172	8,747,231
Property, plant and equipment		42,650	43,300
Prepaid land lease payment		27,069	27,832
Intangible assets		2,255	2,831
Other investment	15(c)	95,424	20,912
Deferred tax assets	13(b)	71,398	71,508
Toll compensation recoverable from the Government		1,283,607	958,360
Long term deposit		558	520
		10,359,133	9,872,494
Current assets			
Inventories		44	60
Sundry receivables, deposits and prepayments		33,996	23,528
Amount owing by related companies		30,192	57,517
Tax recoverable		217	-
Short term investments	15(b)	71,199	50,255
Short term deposits with licensed banks		1,954,906	2,565,397
Cash and bank balances		15,981	19,112
		2,106,535	2,715,869
Total assets		12,465,668	12,588,363



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

	<u>Note</u>	Unaudited As at end of current quarter 30/9/2007	Audited As at preceding financial year-end 31/12/2006 (As restated)
EQUITY AND LIABILITIES		RM'000	RM'000
Equity attributable to equity holders of the Company			
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		3,100	1,677
Retained earnings		2,936,492	2,506,343
		4,949,564	4,517,992
Minority interests		10,172	495
Total equity		4,959,736	4,518,487
Non-current liabilities			
Long term financial liabilities	17	6,338,841	6,734,853
Long term borrowing	17	86,099	30,203
Amount owing to immediate holding company		6,885	6,885
Retirement benefits		12,297	11,403
Deferred liabilities		46,309	46,507
		6,490,431	6,829,851
Current liabilities			
Trade payables		14,645	8,637
Sundry payables and accruals		125,452	80,096
Amount received from the Government for Additional Works		213,671	518,284
Short term borrowings/ BAIDS	17	550,000	550,000
Amount owing to immediate holding company		49,342	49,802
Amount owing to related companies		46,484	33,004
Tax payable		15,907	202
		1,015,501	1,240,025
Total liabilities		7,505,932	8,069,876
Total equity and liabilities		12,465,668	12,588,363
Net assets per share attributable to ordinary equity holders of the Company		RM0.99	RM0.90

The condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 30/9/2007 RM'000	Unaudited Nine months to 30/9/2006 RM'000
Cash flows from operating activities		
Cash receipts from toll operations	1,321,439	1,230,037
Cash receipts from other services	33,399	36,031
Cash payments for expenses	(340,114)	(303,242)
Cash generated from operations	1,014,724	962,826
Income tax paid	(4,008)	(4,638)
Future maintenance expenditure received	1,756	800
Net cash generated from operating activities	1,012,472	958,988
Cash flows from investing activities		
Acquisition of subsidiary, net of cash and cash equivalents acquired	(3,420)	-
Profit element and interest income received	53,917	41,503
Proceeds from maturity of short term investments	187,000	70,000
Proceeds from disposal of property, plant and equipment	-	22
Interest earned on amount received from the Government for Additional Works	11,863	17,535
Purchase of property, plant and equipment	(11,366)	(3,845)
Purchase of computer software	(240)	(150)
Purchase of investments	(281,744)	(110,386)
Payments for Additional Works	(276,400)	(144,902)
Payments for concession assets	(252,275)	(175,363)
Net cash used in investing activities	(572,665)	(305,586)
Cash flow from financing activities		
Redemption of Bai Bithaman Ajil Islamic Debt Securities ("BAIDS")	(550,000)	(400,000)
Profit element on BAIDS and interest paid	(131,640)	(141,438)
Drawdown of borrowing	53,667	-
Proceeds from issuance of shares to minority shareholders	1,304	-
Dividends paid	(425,000)	(500,000)
Net cash used in financing activities	(1,051,669)	(1,041,438)
Net change in cash and cash equivalents	(611,862)	(388,036)
Effects of foreign exchange rate changes	(1,760)	41
Cash and cash equivalents as at beginning of the financial period	2,584,509	2,534,981
Cash and cash equivalents as at end of the financial period	(a) 1,970,887	2,146,986



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	Unaudited	Unaudited
	As at	As at
	30/9/2007	30/9/2006
	RM'000	RM'000
(a) Cash and cash equivalents comprise the following:		
Short term deposits	1,954,906	2,138,486
Cash and bank balances	15,981	8,500
	<u>1,970,887</u>	<u>2,146,986</u>

The use of the balances in PLUS, which include the minimum amounts of RM987.7 million (2006: RM1,031.1 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 RM213.7 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 2006 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 Company →							Minority Interests RM'000	Total Equity RM'000
	← Non-distributable →				Distributable		Total RM'000		
	Share Capital RM'000	Capital Reserve RM'000	Merger Reserve RM'000	Other Reserves RM'000	Retained Earnings RM'000				
Nine months to 30 September 2007 (Unaudited)									
Balance as at 1 January 2007	1,250,000	461,138	298,834	1,677	2,506,343	4,517,992	495	4,518,487	
Currency translation differences, representing net income and expense recognised directly in equity	-	-	-	700	-	700	(401)	299	
Profit/(loss) for the period	-	-	-	-	855,149	855,149	(125)	855,024	
Total recognised income and expense for the period	-	-	-	700	855,149	855,849	(526)	855,323	
Share option granted under Employee Equity Scheme (EES)	-	-	-	723	-	723	-	723	
Issuance of share capital	-	-	-	-	-	-	1,130	1,130	
Acquisition of subsidiary	-	-	-	-	-	-	9,073	9,073	
Final tax exempt dividend FY2006 (Note 7)	-	-	-	-	(125,000)	(125,000)	-	(125,000)	
Interim tax exempt dividend FY2007 (Note 7)	-	-	-	-	(300,000)	(300,000)	-	(300,000)	
Balance as at 30 September 2007	<u>1,250,000</u>	<u>461,138</u>	<u>298,834</u>	<u>3,100</u>	<u>2,936,492</u>	<u>4,949,564</u>	<u>10,172</u>	<u>4,959,736</u>	
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	-	4,161,442	
Currency translation differences, representing net income and expense recognised directly in equity	-	-	-	22	-	22	-	22	
Profit for the period	-	-	-	-	804,868	804,868	-	804,868	
Total recognised income and expense for the period	-	-	-	22	804,868	804,890	-	804,890	
Share-based payment	-	-	-	341	-	341	-	341	
Final tax exempt dividend FY2005	-	-	-	-	(250,000)	(250,000)	-	(250,000)	
Interim tax exempt dividend FY2006	-	-	-	-	(250,000)	(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>	<u>-</u>	<u>4,466,673</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 2006 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 2006.

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 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), except for the adoption of the following revised Financial Reporting Standards (“FRS”) effective 1 January 2007:

FRS 117 : Leases

In addition to the above, the Group has also taken the option of early adoption of the revised or amendment to the following FRSs effective 1 January 2007:

FRS 107 : Cash Flow Statements
 FRS 112 : Income Taxes
 FRS 118 : Revenue
 FRS 119 : Employee Benefits
 Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
 FRS 126 : Accounting and Reporting by Retirement Benefit Plans
 FRS 134 : Interim Financial Reporting
 FRS 137 : Provisions, Contingent Liabilities and Contingent Assets

The adoption of the above revised FRS and amendment to FRS does not have any impact to the existing accounting policies of the Group except for:

FRS 117 : Leases

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. On adoption of the revised FRS, lease of land which title is not expected to be passed to the Group (the lessee) by the end of the lease term, is considered an operating lease and the unamortised carrying value of the lease is now presented as prepaid land lease payments and is amortised on a straight-line basis over the lease term.

The summary of the financial effects of changes in accounting policies arising from the above on the balance sheet of the Group as at 30 September 2007 and prior year comparatives are as follows:

	As at 30/9/2007	As at 31/12/2006
	RM'000	RM'000
Property, plant and equipment	(27,069)	(27,832)
Prepaid land lease payment	27,069	27,832

2. Audit report in respect of the 2006 financial statements

The audit report on the Group’s financial statements for the financial year ended 31 December 2006 was unqualified.

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.



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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.

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.

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 2007 except for the redemption of Primary Bonds of BAIDS amounting to RM550 million by PLUS in May 2007.

7. Dividend

An interim tax exempt dividend of 6.0 sen per ordinary share of RM0.25 each amounting to RM300 million for financial year ending 31 December 2007 (2006: interim tax exempt dividend of 5.0 sen per share of RM0.25 each) was paid on 28 September 2007.

A final tax exempt dividend of 2.5 sen per ordinary share amounting to RM125 million for financial year ended 31 December 2006 was paid on 13 June 2007.

8. Segment information for the current financial period

No segmental analysis is prepared as the Group is primarily engaged in the operation and maintenance of toll roads and expressways in Malaysia. The Directors are of the opinion that segmental results, assets, liabilities and capital expenditure in respect of the subsidiaries located in Mauritius, India and Indonesia are deemed insignificant to the Group for separate reporting.

9. 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 2007 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended 30 September 2007.

10. 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:-

On 13 July 2007, PLUS Expressways Berhad ("PEB") has subscribed 7,638,889 ordinary shares of PT Lintas Marga Sedaya ("LMS") with a nominal value of IDR1,000 per share and having valid voting rights for a cash consideration of USD5,000,000 (approximately RM17.23 million). This represents 55% of the entire issued voting shares of LMS, making LMS a foreign subsidiary of PEB with effect from 13 July 2007 by virtue of PEB controlling LMS's voting power. The remaining 45% of LMS's voting shares is held by PT Baskhara Utama Sedaya.

LMS is the concessionaire appointed to undertake the design, construction, management, financing, operation, maintenance as well as toll collection for the 116-kilometre Cikampek-Palimanan toll highway project in Indonesia.



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Financial effects arising from the above are as follows:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
Property, plant and equipment	390	390
Expressways development expenditure	10,947	4,589
Income tax benefit	9	9
Sundry debtors	330	330
Amount owing by other related companies	165	165
Short term deposit	9,920	9,920
Cash and bank balances	3,894	3,894
	<u>25,655</u>	<u>19,297</u>
Trade and sundry creditors	(277)	(277)
Amount owing to other related companies	(103)	(103)
	<u>(380)</u>	<u>(380)</u>
Total net assets	25,275	18,917
Less: minority interest	(8,513)	
Group's share of net assets	16,762	
Foreign exchange difference	472	
Total cost of acquisition	<u>17,234</u>	
	RM'000	
Purchase consideration satisfied by cash	17,234	
Total cash outflow of the Company	17,234	
Cash and cash equivalents of subsidiary acquired	(13,814)	
Net cash outflow of the Group	<u>3,420</u>	

The effect of the acquisition on the financial results of the Group from the date of acquisition to the current quarter/period ended 30 September 2007 is as follows:

	Current year quarter 30/9/2007 RM'000	Nine months to 30/9/2007 RM'000
Profit for the period	<u>132</u>	<u>132</u>

11. 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.

12. Capital commitments

	As at 30/9/2007 RM'000
Amount authorised and contracted for	
- Additional Works	634,497
- Others	421,715
	<u>1,056,212</u>
Amount authorised but not contracted for	
- Capital expenditure	41,902
- Investment	866,000
	<u>907,902</u>



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13(a) Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30/9/2007 RM'000	Preceding year corresponding quarter 30/9/2006 RM'000	Nine months to 30/9/2007 RM'000	Nine months to 30/9/2006 RM'000
Income tax:				
- Malaysian income tax	5,718	1,917	17,988	4,240
- Under provision in prior years	<u>1,265</u>	<u>460</u>	<u>1,508</u>	<u>812</u>
	6,983	2,377	19,496	5,052
Deferred tax:				
- Relating to reversal and origination of temporary differences	<u>(1,273)</u>	<u>(364)</u>	<u>110</u>	<u>(363)</u>
	<u>5,710</u>	<u>2,013</u>	<u>19,606</u>	<u>4,689</u>

The taxation for the current quarter and year-to-date of RM5.7 million and RM19.6 million respectively mainly relate to income received by PEB for provision of expressway operational services to other expressway companies and interest income for the Group.

No provision of income tax for PLUS after expiry of PLUS's tax exempt period on 31 December 2006 due to availability of unabsorbed capital allowances and unused tax losses, except for tax on interest income.

13(b) Deferred tax assets

Deferred tax assets arose mainly from PLUS and pertain to unused tax losses and unabsorbed capital allowances which will be available for offset against future taxable profits. Included in the unabsorbed capital allowances is the capital allowance claimed on qualifying capital expenditures arising from the tax exempt period. The carry forward of such capital allowances to the post tax exempt period is currently pending consent from the relevant authorities.

14. 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 in commercial papers of RM187 million.

15(a) Acquisitions and disposals of quoted securities

There were no acquisitions and disposals of quoted securities in the current period ended 30 September 2007.



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15(b) Short term investments

Total short term investments in securities as at 30 September 2007 are as follows:

	As at 30/9/2007
	RM'000
Quoted shares, at cost	1,164
Less: Accumulated impairment loss	<u>(809)</u>
Net carrying amount of quoted shares (Note i)	355
Unquoted investment – at cost (Note ii)	<u>70,844</u>
	<u>71,199</u>

Note i: The market value of the quoted shares was RM354,980 as at 30 September 2007.

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

15(c) Other investment

	As at 30/9/2007
	RM'000
Total unquoted other investment - at carrying value	<u>95,424</u>

This comprises PLUS's investment in the form of Islamic bonds and Islamic structured product with maturity of more than 12 months.

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

The following corporate proposals have been announced but not completed as at the date of this announcement:

Proposed acquisitions of the entire issued and paid-up share capital of Expressway Lingkaran Tengah Sdn Bhd ("Elite") and Linkedua (Malaysia) Berhad ("Linkedua")

On 1 June 2007, PEB announced that it had entered into the following agreements with UEM Group Berhad (formerly known as United Engineers (Malaysia) Berhad) ("UEM"):

- (a) conditional sale and purchase agreement for the acquisition by PEB from UEM of 100% equity interest in Elite for a cash consideration of RM802 million ("Elite Agreement") ("Proposed Elite Acquisition"); and
- (b) conditional sale and purchase agreement for the acquisition by PEB from UEM of 100% equity interest in Linkedua for a cash consideration of RM64 million ("Linkedua Agreement") ("Proposed Linkedua Acquisition").

(The Proposed Elite Acquisition and Proposed Linkedua Acquisition are collectively referred to as "Proposed Acquisitions").

PEB intends to fund the purchase consideration entirely through borrowings.

The Proposed Elite Acquisition and Proposed Linkedua Acquisition are inter-conditional, and are subject to the following approvals (or confirmation of no objection) being obtained:

- (i) the Foreign Investment Committee ("FIC");
- (ii) the Government, as may be required under the respective concession agreements;
- (iii) PEB's shareholders at an extraordinary general meeting to be convened;
- (iv) the creditors, financiers or chargees of Elite and Linkedua under the Proposed Elite Acquisition and Proposed Linkedua Acquisition respectively (where required);
- (v) UEM's creditors (where required); and
- (vi) any other relevant regulatory bodies or authorities.



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PEB has appointed CIMB Investment Bank Berhad (formerly known as Commerce International Merchant Bankers Berhad) as the main adviser for the Proposed Acquisitions.

PEB has received a letter from the Foreign Investment Committee dated 3 September 2007 which stated that it has no objections to the Proposed Acquisitions, subject to Elite and Linkedua maintaining at least 51% and 30% of their shares held by Malaysians and Bumiputera respectively, at all times.

Approvals from UEM creditors have been obtained on 4 July 2007, 10 July 2007 and 8 August 2007. Approvals from PEB's shareholders have been obtained on 23 November 2007.

Proposed issuance of RM3,550 million nominal value Senior Sukuk Medium Term Notes programme by PLUS

On 12 October 2007, PEB made an announcement that PLUS proposed to issue up to RM3,550 million nominal value of Senior Sukuk under the Islamic principle of Musyarakah. The purpose of the issue is to convert the existing BAIDS to globally Shariah-compliant instruments whereby the Senior Sukuk will be issued and exchanged with the BAIDS. Hence, there shall be no proceeds raised from the issue.

17. Borrowing and financial liabilities

The details of the Group's borrowing and financial liabilities as at 30 September 2007 are as follows:

	Long term borrowings/ financial liabilities			Short term borrowings/ financial liabilities		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Islamic financial liabilities</u>						
Domestic						
- BAIDS (Note a)	3,000,000	-	3,000,000	550,000	-	550,000
- Sukuk Series 1	1,537,954	-	1,537,954	-	-	-
- Sukuk Series 2	1,217,828	-	1,217,828	-	-	-
- Sukuk Series 3	583,059	-	583,059	-	-	-
	6,338,841	-	6,338,841	550,000	-	550,000
<u>Other borrowing</u>						
Foreign						
- Term Loan (denominated in Indian Rupees)	86,099	-	86,099	-	-	-
TOTAL	6,424,940	-	6,424,940	550,000	-	550,000

(a) Included in Sundry payables and accruals in the Condensed Consolidated Balance Sheet as at 30 September 2007 is the profit amount for BAIDS of RM78.5 million accrued up to 30 September 2007.

18. Off Balance Sheet financial instruments

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

19. Material litigation

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



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20. 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 RM15.3 million to RM451.6 million as compared to the immediate preceding quarter of RM436.3 million, attributable to a 3.5% growth in traffic volume.

Total revenue of RM553.9 million for the current quarter was RM15.8 million or 2.8% lower than the immediate preceding quarter of RM569.7 million mainly due to higher provision of notional tax on tax exempt dividend mitigated by higher traffic volume.

Profit before taxation for the current quarter of RM291.9 million was RM25.0 million or 7.9% lower than the immediate preceding quarter of RM316.9 million, mainly due to lower revenue as explained above, higher management expenditure, higher depreciation and amortisation expenditure and lower other income.

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

Toll collection for third quarter 2007 (as set out in Remark 1 to the Condensed Consolidated Income Statement) was higher by RM38.9 million or 9.4% as compared to third quarter 2006. For the nine months ended 30 September 2007, toll collection increased by RM84.4 million to RM1,317.8 million from RM1,233.4 million for the same period last year, on a year-on-year traffic growth of 6.8% mainly due to increasing economic and tourism activities.

Total revenue for the current quarter of RM553.9 million was RM52.4 million or 10.4% higher than the preceding year corresponding quarter of RM501.5 million. For the nine months of 2007, the Group reported total revenue of RM1,647.5 million which was RM120.1 million or 7.9% higher than RM1,527.4 million for the same period last year. The growth is primarily attributable to higher toll collection (as explained above), higher gross toll compensation of RM32.6 million and lower provision of notional tax on tax exempt dividend of RM4.6 million.

Profit before taxation for the current quarter of RM291.9 million was RM38.9 million or 15.4% higher than the preceding year corresponding quarter of RM253.0 million, primarily attributable to higher toll revenue (as explained above).

Profit before taxation for the nine months ended 30 September 2007 of RM874.6 million was RM65.0 million or 8.0% higher than the preceding year corresponding period of RM809.6 million, mainly due to higher revenue for the nine months of 2007 mitigated by higher expressway maintenance expenditure of RM22.1 million, mainly as a result of additional scope of work as accrued in first quarter 2007, higher management expenditure of RM15.1 million and higher amortisation of concession assets of RM15.8 million following a revision in toll revenue projections in June 2006.

For the nine months ended 30 September 2007, the Group has generated cash from operating activities of RM1,012.3 million, 5.6% higher than the same period in 2006, with cash balance of RM1,970.9 million as at 30 September 2007.

22. Economic profit ("EP") statement

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2007	30/9/2006	30/9/2007	30/9/2006
	RM'000	RM'000	RM'000	RM'000
<u>Net operating profit after tax ("NOPAT") computation:</u>				
Earnings before interest and tax ("EBIT")	384,838	344,512	1,155,125	1,087,145
Tax	(5,710)	(2,013)	(19,606)	(4,689)
NOPAT	379,128	342,499	1,135,519	1,082,456
<u>Economic charge computation:</u>				
Average invested capital (Note 1)	9,814,168	9,338,168	9,814,168	9,338,168
Weighted average cost of capital ("WACC") (%) (Note 2)	7.17%	8.26%	7.17%	8.26%
Economic charge	175,919	192,833	527,757	578,500
Economic profit	203,209	149,666	607,762	503,956



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The EP statement is as prescribed under the Government-Linked Corporations (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 RM203.2 million is RM53.5 million or 35.8% higher as compared to third quarter 2006, primarily due to higher revenue and lower WACC. EP for the nine months ended 30 September 2007 of RM607.8 million is higher by RM103.8 million or 20.6% than the corresponding period last year of RM504.0 million, mainly due to lower WACC.

Note 1:

Average invested capital consists of average operating working capital, average net concession assets and 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.

23. Prospects for the current financial year

PLUS registered traffic volume growth of 6.8% for the nine months ended 30 September 2007 as compared to the same period last year. The recent Hari Raya Aidilfitri festive holiday in October 2007 had further contributed to the increase in traffic, resulting in a growth of 8.5% for the month of October 2007. The implementation of various service improvement efforts amongst others, the Travel Time Advisory and PLUS Mobile Alert have enhanced the service level and smoothened the traffic flow. Coupled with the long year-end school holidays, the Board is confident of a significantly better traffic growth for year 2007.

To date, the third lane widening works from Seremban to Ayer Keroh has been completed and this has improved the traffic flow for the southern stretch. The remaining stretch will be substantially completed by end of 2007 while the modification works for through traffic between Ipoh Selatan and Jelapang are expected to be completed in 2008.

The Proposed Acquisitions of Elite and Linkedua, as announced on 1 June 2007, are in line with PEB's growth and expansion strategy to enhance shareholders' value. PEB will be acquiring Elite and Linkedua at a purchase consideration of RM802 million and RM64 million respectively, derived from a discounted cashflow method of valuation using discount rates of 15.2% and 15.7% respectively, which is higher than the PEB Group's cost of equity. This exercise is anticipated to be completed by end of the year. Upon completion of the Proposed Acquisitions, this will increase the total lane-km by 15.7% from the existing 3,640 lane-km, which would substantially meet the Group's Headline KPI target of 20% growth in lane-km by end 2008. PEB has already received the necessary approvals from the Foreign Investment Committee, the Government, Elite's bondholders, UEM creditors and PEB's shareholders for the acquisitions.

The completion of the construction of the 21.6-kilometre Bhiwandi-Kalyan-Shil Phata Highway in India is expected to be on schedule. On the 116-kilometre Cikampek-Palimanan toll road project in Indonesia, the completion of acquisition of a controlling interest in the concession company as well as execution of a term loan facility agreement in July 2007 marked the key milestones achieved in the progress of the project.

On 18 September 2007, PEB received a letter of acceptance from the Minister of Public Works, Republic of Indonesia in relation to the tender bid jointly submitted with its Indonesian partners, namely PT Bakrie & Brothers Tbk and PT Capitalinc Investment Tbk (formerly known as PT Global Financindo Tbk) ("Consortium") for the proposed 25.4km Package 4 - Cimanggis-Cibitung Toll Road on a Build, Operate and Transfer basis ("Proposed Toll Road"). The Proposed Toll Road forms part of the proposed Jakarta Outer Ring Road 2 and is located on the outskirts of the Jakarta metropolitan area. The concession shall be for a period of thirty five (35) years from the date of the proposed execution of the relevant Concession Agreement. The Group will continue to further explore viable investment opportunities, locally and internationally, with the aim of enhancing its shareholders' value.

PEB Group is well on its way to achieve the Headline KPI targets for lane-km and revenue growth through the acquisitions of Elite and Linkedua. With the improvement in traffic performance, the Board is confident that the financial results of the Group for the year 2007 will be better than the previous year.

24. Profit forecast

No profit forecast has been made in respect of financial period ended 30 September 2007.



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25. **Basic earnings per share**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Nine months to	Nine months to
	30/9/2007	30/9/2006	30/9/2007	30/9/2006
Profit for the period attributable to equity holders of the Company (RM'000)	286,231	250,948	855,149	804,868
No. of ordinary shares ('000)	5,000,000	5,000,000	5,000,000	5,000,000
Basic earnings per share (Sen)	5.72 sen	5.02 sen	17.10 sen	16.10 sen

By Order of the Board

TAN HWEE THIAN (MIA 1904)
MAZYU SHERINA BINTI MOHAMED YUSOF (LS 0008780)

Kuala Lumpur
27 November 2007

Joint Company Secretaries