

**NOTES TO THE FINANCIAL REPORT
FOR THE FOURTH FINANCIAL QUARTER ENDED 30 APRIL 2006**

Note 1 - Accounting Policies

The interim financial report of the Group is unaudited and has been prepared in accordance with MASB 26 Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The accounting policies and methods of computation in the interim financial statements are consistent with the annual financial statement for the year ended 30 April 2005.

Note 2 - Audit Qualification

The audit report in respect of the annual financial statements for the year ended 30 April 2005 was qualified as certain loan covenants relating to a subsidiary's borrowings were not met.

Note 3 - Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

Note 4 - Exceptional Items

There were no exceptional items affecting assets, liabilities, equity, net income, or cash flows.

Note 5 - Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods that give a material effect in the current financial period under review.

Note 6 - Issuance or Repayment of Debt and Equity Securities

There were no issuances and repayment of debt securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period under review.

Note 7 - Utilisation of Proceeds of the Public Issue

There were no shares issued in the current financial period under review

Note 8 - Dividends Paid

There were no dividends paid in the current financial period under review.

Note 9 - Segmental Reporting

The Group operate the KL Monorail Project and is organized into three main business segments namely monorail operations, advertising and property rental. Currently, the Group's activities are concentrated only in Malaysia.

Analysis by activities

	Turnover (RM'000)
- Monorail Operations	24,894
- Advertising	13,519
- Property rental	204
	38,617
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Results	
- Monorail Operations	8,950
- Advertising	8,563
- Property rental	15
- Holding Company & Others	(94)
Operating Profit before depreciation and interest expense	17,434
- Depreciation	(11,954)
- Interest Expense	(85,548)
Loss before taxation	(80,068)
- Taxation	(416)
Loss after taxation	(80,484)
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Note 10 - Valuation of Property, Plant and Equipment

Project development, plant and machinery are stated at cost less accumulated depreciation.

Note 11 - Subsequent Material Events

There were no significant events subsequent to the end of this current period up to the date of this announcement.

Note 12 - Changes in Composition/Group

During the current financial quarter under review, the composition of the Group comprises of KL Monorail System Sdn Bhd, the concessionaire of the KL Monorail Project, KL Multimedia Sdn Bhd (formerly known as Monorail Multimedia Sdn Bhd), which undertake all advertisement media activities of the Group, Monorail City Development Sdn Bhd and Jalan-Jalan Xintiandi Development Sdn Bhd which are involved in the implementation and development of a new urban leisure river-front commercial development in Brickfields known as "Jalan-Jalan Xintiandi".

Note 13 - Contingent Liabilities and Contingent Assets

As at 30 April 2006, there is no material contingent liabilities incurred by the Company or the Group as the following contingent liabilities have already been settled or satisfied:-

Undertaking given by the Company to Bank Pembangunan Dan Infrastruktur Malaysia Berhad (“BPIMB”) pursuant to a RM620 million infrastructure loan obtained by KL Monorail System Sdn Bhd (“KLMS”).

Included amongst the security documentation for the Infrastructure loan facility granted on 31 May 2001, is an Undertaking Agreement signed on 27 June 2001 between KLMS, the Company and other parties, whereby the Company has undertaken the following:

- a) to meet all cost overruns and cashflow deficiency during the construction period of the KL Monorail Project in the form of equity or shareholders’ advances.

Currently, the KL Monorail Project is completed and is in operation since 31 August 2003.

- b) to meet all outstanding payments or other obligations in the form of equity or shareholders’ advances under a RM135,689,342 debt restructuring agreement dated 8 June 2001 and supplemental dated 17 July 2001 entered into between KLMS and AmMerchant Bank Berhad, in the event KLMS fails to settle, comply or meet such outstanding payment or other obligations.

As at 30 April 2006, the loan has already been fully settled.

Note 14 - Commitments

Capital commitments as at 30 April 2006 is RM31.73 million as follows:-

Development Cost of the Jalan-Jalan Xintiandi Project

- Approved and Contracted for - RM31.73 million

Note 15 - Significant Related Party Transactions

The following are the related party transactions for the period ended 30 April 2006.

Billings by Related Companies.

	RM’000
- for construction works of the KL Monorail Project	6,700

Note 16 - Review of Performance

For the twelve months period to 30 April 2006, the Group's turnover was 19% higher at RM38.6 million as against RM32.5 million in the preceding year. Operating profit before depreciation saw a 43.9% increase from RM12.3 million in 2005 to RM17.7 million in 2006.

The Profit before interest and taxation is RM5.5 million for 2006 (2005 – RM3.5 million)

The Group however suffered a higher loss after interest and taxation of RM80.5 million (2005 – RM75.9 million) due to the higher interest expense incurred on the project loans.

Note 17 - Comparison with Preceding Quarter's Results

	Current Quarter 30/4/06 RM'000	Preceding Quarter 30/4/05 RM'000
Consolidated loss after taxation	<u>(23,275)</u>	<u>(24,681)</u>

The losses arising in both the current and preceding quarters were attributable to the financing charges. Whilst contributions were higher in the current quarter, this was largely negated by higher amortization and depreciation charges and increased financing costs.

Note 18 - Prospects

The development of a new urban leisure river-front commercial development in Brickfields known as "Jalan-Jalan Xintiandi" will help to enhance revenues in the next financial year.

The Company together with MTrans Group have submitted a proposal to the relevant authorities for approval in relation to the Gangnam Monorail Project ("Project") in Seoul City of the Republic of South Korea. Currently approval is still pending. Upon its successful award, the Company will be the designated project manager and system integrator for the Project.

In addition, the Company and MTrans Group have submitted proposals for implementation of monorail transit projects in Putrajaya and Damascus, Syria. Discussion with relevant authorities are currently ongoing. In both these projects, the Company is the designated operator for provision of operations and maintenance services for the monorail.

Drawing on these positive developments, the Company with the support of MTrans Group has intensified efforts to procure potential management contracts including provision of operation and maintenance services for international monorail transit projects.

Presently, the MTrans Group is prospecting for transit projects in more than twelve countries.

Note 19 - Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast during the period, save for the profit and loss forecast as contained in the Company's Prospectus dated 21 April 2003.

Note 20 – Taxation

There is a tax provision of RM416,000 for the financial quarter under review.

Note 21 - Profit on Sales of Investment and/or Properties

There is a gain on disposal of investment in subsidiary amounting to RM170,000 included in the other operating income.

Note 22 - Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities.

Note 23 - Corporate Proposals

Pursuant to the amendments to Paragraph 8.14C and Practice Note No.17/2005 (“PN17”) of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) which took effect on 5 May 2006, the Board of Directors of the Company had announced that based on the Audited Financial Statements of the Company for the financial year ended 30 April 2005, the Auditors have expressed a modified opinion with emphasis on the Company’s going concern and based on the nine months accounts to 31 January 2006, the Company’s shareholders’ equity on a consolidated basis is less than 50% of the issued and paid-up capital. As such, pursuant to paragraph 2.1(e) of the Enhanced PN17 criteria, the Company is an affected listed issuer.

The Board of Directors of the Company is in the midst of formulating a Regularisation Plan to be submitted to the Securities Commission for approval.

Note 24 - Borrowings and Debt Securities

	Short Term RM'000	Long Term RM'000	Total RM'000
- Unsecured	-	-	-
- Secured	2,752	1,248,392 #	1,251,144
	2,752	1,248,392	1,251,144

Pursuant to the announcement as mentioned in Note 23, the Board of Directors of the Company is currently reviewing plans with the objective to restructure its borrowings and to formulate a Regularisation Plan to be submitted to the Securities Commission.

Note 25 - Financial Instruments

The Group did not enter into any contract involving off balance sheet financial instruments.

There is no significant difference between the fair values and the book values of financial assets and financial liabilities.

Note 26 - Material Litigation

The Company has no material litigation pending as at 30 April 2006.

As at 30 April 2006, there are material litigations pending against KL Monorail System Sdn Bhd (“KLMS”) as follows:-

- (i) On 7 March 2003, a legal suit (Civil Suit No. 21-72 of 2003) was filed by an individual (“Plaintiff”) against MTrans Holdings Sdn Bhd, Monorail Malaysia Technology Sdn Bhd, KLMS and the Director General of Railways for a sum of RM5 Million for alleged negligence on the part of KLMS and the said parties, which is claimed to have resulted in injuries to him. The plaintiff is also claiming RM5,000 per month for future medical expenses and special damages of RM20,000.

KLMS, who was named the second defendant in the said suit, has referred the matter to its insurers and/or legal advisers to undertake its defence to the legal proceedings. On 15 January 2004, the Plaintiff has taken out an application for interim payments which was rejected by the High Court on 20 September 2004.

On 31 May 2004, MTrans Holdings Sdn Bhd has secured its release as a party to the legal suit via a successful application to the High Court.

Subsequently on 11 November 2004, the Court of Appeal awarded an amount of RM50,000 to the plaintiff as interim payment pending final quantum of damages to be assessed. The matters is fixed for further case management hearing on 1 Nov 2006 to 3 Nov 2006.

The Directors of the Company are of the opinion that there is in place adequate insurance coverage under KLMS’s Third Party Liability policy to address any contingency claims that may arise. Accordingly, no provision has been made and no adjustment was made to the financial statements.

- (ii) On 21 June 2004, a legal suit was filed by Monorail Retail Sdn Bhd seeking RM74.9 million in special damages from KLMS for alleged wrongful termination of the Master Tenancy Agreement relating to the tenancy of all the retail outlets of the monorail stations. The solicitors have on behalf of KLMS filed a defence and counterclaim on 27 July 2004. An application to strike out the plaintiff’s writ and statement of claim was filed on 23 September 2004, while the case was being managed for trial. This application was dismissed by the Senior Assistant Registrar on 1 April 2005.

On 23 November 2005, Monorail Retail Sdn Bhd filed an application for summary judgment on a portion of their claim against KLMS. This portion represents RM849,241.00. The application is currently fixed for hearing on 4 July 2006. At the same time, the case is still being managed for trial and the next case management is fixed for hearing on 26 September 2006.

The Directors of the Company are of the opinion that KLMS has sustainable defences to the Plaintiff’s claim and a reasonable good chance at succeeding on its counterclaim.

Note 27 - Dividend

No dividend has been proposed for the financial quarter ended 30 April 2006 (previous corresponding quarter ended 30 April 2005 - Nil).

Note 28 – Profit /(Loss) Per Share

	Current Year Quarter 30/4/2006	Preceding Year Corresponding Quarter 30/4/2005	Current Year To- date 30/4/2006	Preceding Year Corresponding Period 30/4/2005
Profit / (loss) for the period (RM'000)	(23,275)	(24,681)	(80,484)	(75,936)
Weighted average number of shares	520,000,000	520,000,000	520,000,000	520,000,000
Basic earnings / (loss) per share (sen)	(4.48)	(4.75)	(15.48)	(14.60)

Basic earnings per share is calculated by dividing the net profit / (loss) attributable to the shareholders by the number of ordinary shares in issue.

By Order Of The Board

LAI YING CHOY

Secretary

(MIA 5803)

Kuala Lumpur

30 June 2006