

**NEXTNATION COMMUNICATION BERHAD**  
(Company No. 660055-H)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 31 OCTOBER 2005**

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER  
ENDED 31 OCTOBER 2005**

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 OCTOBER 2005 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 OCTOBER 2004 RM	CURRENT YEAR TO-DATE 31 OCTOBER 2005 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 OCTOBER 2004 RM
<b>Revenue</b>		<b>16,764,771</b>	-	<b>32,007,467</b>	-
Operating expenses		(11,893,002)	-	(23,037,330)	-
<b>Profit from operations</b>		<b>4,871,769</b>	-	<b>8,970,137</b>	-
Depreciation and amortisation		(262,656)	-	(483,661)	-
Finance costs		(3,814)	-	(27,274)	-
Interest income		54,340	-	63,758	-
Share of results of:-					
Jointly controlled entity		(406,891)	-	(425,733)	-
Associate company		(24,627)	-	(26,277)	-
<b>Profit before taxation</b>		<b>4,228,121</b>	-	<b>8,070,950</b>	-
Taxation	B5	(29,642)	-	(67,912)	-
<b>Profit after taxation</b>		<b>4,198,479</b>	-	<b>8,003,038</b>	-
Minority interest		-	-	-	-
<b>Net profit for the period</b>		<b>4,198,479</b>	-	<b>8,003,038</b>	-
Dividend per share (sen)	B12	2.0	-	2.0	-
Earnings per share (sen)					
- Basic	B13	1.7	-	3.4	-
- Diluted		-	-	-	-

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 12)

As this is the second quarterly report being drawn up, there are no comparative figures for the preceding year corresponding quarter.

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER  
ENDED 31 OCTOBER 2005**

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	AT 31 OCTOBER 2005	AT 30 APRIL 2005 (AUDITED)
	RM	RM
<b>Property, plant and equipment</b>	3,049,701	2,762,009
<b>Research and development expenditure</b>	2,544,030	1,650,594
<b>Investment in associate company</b>	61,183	87,461
<b>Amount due from jointly controlled entity</b>	1,028,656	412,826
<b>Current assets</b>		
Trade and other receivables	21,561,844	17,065,869
Tax recoverable	1,200	1,200
Cash and cash equivalents	22,439,774	2,815,229
	44,002,818	19,882,298
<b>Current liabilities</b>		
Trade and other payables	7,577,146	7,737,966
Finance payables	56,621	54,570
Term loans	111,588	86,219
Tax payables	70,400	115,000
	7,815,755	7,993,755
<b>Net current assets</b>	36,187,063	11,888,543
	42,870,633	16,801,433
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	25,200,000	9,400,000
Share premium	7,417,674	-
Reserves	9,118,867	6,154,831
<b>Shareholders' equities</b>	41,736,541	15,554,831
<b>Finance payables</b>	172,389	201,212
<b>Term loans</b>	961,703	1,045,390
	42,870,633	16,801,433
<b>Net Tangible Assets Per Share (sen)</b>	16	15

(The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 12)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER  
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

	Non-Distributable			Distributable	Total RM
	Share Capital	Share Premium	Foreign exchange translation	Retained Profit	
	RM	RM	RM	RM	
At 1 May 2005	9,400,000	-	-	6,154,831	15,554,831
Issue of shares	15,800,000	21,760,000	-	-	37,560,000
Capitalisation as bonus shares	-	(12,600,000)	-	-	(12,600,000)
Listing expenses	-	(1,742,326)	-	-	(1,742,326)
Current translation differences	-	-	998	-	998
Net profit for the period	-	-	-	8,003,038	8,003,038
Dividend paid:					
- Interim	-	-	-	(5,040,000)	(5,040,000)
At 31 October 2005	<u>25,200,000</u>	<u>7,417,674</u>	<u>998</u>	<u>9,117,869</u>	<u>41,736,541</u>

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 12)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)**

	<b>CURRENT YEAR QUARTER ENDED 31 OCTOBER 2005</b>	<b>PRECEDING YEAR QUARTER ENDED 31 OCTOBER 2004 (AUDITED)</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	8,070,950	-
Adjustments for non-cash flow:		
Non-cash items	486,355	-
Finance costs	27,274	-
Interest income	(63,758)	-
Operating profit before working capital changes	<u>8,520,821</u>	<u>-</u>
Changes in working capital:		
Net change in current assets	(4,507,654)	-
Net change in current liabilities	(160,818)	-
Cash generated from operations	<u>3,852,349</u>	<u>-</u>
Finance costs	(27,274)	-
Interest income	63,758	-
Income tax paid	(112,512)	-
Dividend paid	(5,040,000)	-
<b>Net cash used in operating activities</b>	<u>(1,263,679)</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(487,378)	-
Amount due from jointly controlled entity	(615,829)	-
Investment in associate company	37,955	-
Research and development expenditure paid	(1,179,107)	-
<b>Net cash used in investing activities</b>	<u>(2,244,359)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	24,960,000	-
Listing expenses	(1,742,326)	-
Repayment of finance payables	(26,772)	-
Repayment of term loans	(58,319)	-
<b>Net cash used in financing activities</b>	<u>23,132,583</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	19,624,545	-
<b>Cash and cash equivalents at 1 May 2005</b>	2,815,229	-
<b>Cash and cash equivalents at end of period</b>	<u><u>22,439,774</u></u>	<u><u>-</u></u>

(The Unaudited Condensed Consolidated Cash Flows Statements should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 12)

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