

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 JULY 2005**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2005**

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2005 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2004 RM	CURRENT YEAR TO-DATE 31 JULY 2005 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2004 RM
Revenue		15,242,696	-	15,242,696	-
Operating expenses		(11,144,328)	-	(11,144,328)	-
Profit from operations		4,098,368	-	4,098,368	-
Depreciation and amortisation		(221,005)	-	(221,005)	-
Finance costs		(23,460)	-	(23,460)	-
Interest income		9,418	-	9,418	-
Share of results of:-					
Jointly controlled entity		(18,842)	-	(18,842)	-
Associate company		(1,650)	-	(1,650)	-
Profit before taxation		3,842,829	-	3,842,829	-
Taxation	B5	(38,270)	-	(38,270)	-
Profit after taxation		3,804,559	-	3,804,559	-
Minority interest		-	-	-	-
Net profit for the period		3,804,559	-	3,804,559	-
Earnings per share (sen)					
- Basic	B13	4	-	4	-
- Diluted	B13	4	-	4	-

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 11)

This is the first Interim Financial Statements on the consolidated results of the Group for the financial period ended 31 July 2005 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market in conjunction with the admission of the Company to the MESDAQ Market of Bursa Malaysia Securities Berhad.

As this is the first 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 FIRST QUARTER
ENDED 31 JULY 2005**

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	AT 31 JULY 2005	AT 30 APRIL 2005 (AUDITED)
	RM	RM
Property, plant and equipment	2,874,632	2,762,009
Research and development expenditure	2,028,571	1,650,594
Investment in associate company	85,810	87,461
Amount due from jointly controlled entity	973,984	412,826
Current assets		
Trade and other receivables	19,719,073	17,065,869
Tax recoverable	1,200	1,200
Cash and cash equivalents	2,725,015	2,815,229
	<u>22,445,288</u>	<u>19,882,298</u>
Current liabilities		
Trade and other payables	7,539,884	7,737,966
Finance payables	55,595	54,570
Term loans	113,909	86,219
Tax payables	153,270	115,000
	<u>7,862,658</u>	<u>7,993,755</u>
Net current assets	14,582,630	11,888,543
	<u>20,545,627</u>	<u>16,801,433</u>
Financed by:		
Capital and reserves		
Share capital	9,400,000	9,400,000
Reserves	9,960,388	6,154,831
Shareholders' equities	19,360,388	15,554,831
Finance payables	186,929	201,212
Term loans	998,310	1,045,390
	<u>20,545,627</u>	<u>16,801,433</u>
Net Tangible Assets Per Share (sen)	<u>18</u>	<u>15</u>

(The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Notes to the Interim Financial Report on pages 5 to 11)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2005****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

	Share Capital RM	Non-Distributable Reserves RM	Distributable Retained Profit RM	Total RM
At 1 May 2005	9,400,000	-	6,154,831	15,554,831
Foreign exchange translation	-	998	-	998
Net profit for the period	-	-	3,804,559	3,804,559
At 31 July 2005	<u>9,400,000</u>	<u>998</u>	<u>9,959,390</u>	<u>19,360,388</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 11)

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

	CURRENT YEAR QUARTER ENDED 31 JULY 2005	PRECEDING YEAR QUARTER ENDED 31 JULY 2004 (AUDITED)
	RM	RM
Cash flows from operating activities		
Profit before taxation	3,842,829	-
Adjustments for non-cash flow:		
Non-cash items	223,699	-
Finance costs	23,460	-
Interest income	(9,418)	-
Operating profit before working capital changes	<u>4,080,570</u>	<u>-</u>
Changes in working capital:		
Net change in current assets	(2,653,205)	-
Net change in current liabilities	<u>(198,080)</u>	<u>-</u>
Cash generated from operations	1,229,285	-
Finance costs	(23,460)	-
Interest income	9,418	-
Income tax paid	-	-
Net cash generated by operating activities	<u>1,215,243</u>	<u>-</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(207,614)	-
Amount due from jointly controlled entity	(561,158)	-
Investment in associate company	1,650	-
Research and development expenditure paid	<u>(505,688)</u>	<u>-</u>
Net cash used in investing activities	<u>(1,272,810)</u>	<u>-</u>
Cash flows from financing activities		
Repayment of finance payables	(13,257)	-
Repayment of term loans	<u>(19,390)</u>	<u>-</u>
Net cash used in financing activities	<u>(32,647)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(90,214)	-
Cash and cash equivalents at 1 May 2005	2,815,229	-
Cash and cash equivalents at end of period	<u><u>2,725,015</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 11)

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