

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

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

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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
Revenue		16,764,771	-	32,007,467	-
Operating expenses		(11,893,002)	-	(23,037,330)	-
Profit from operations		4,871,769	-	8,970,137	-
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)	-
Profit before taxation		4,228,121	-	8,070,950	-
Taxation	B5	(29,642)	-	(67,912)	-
Profit after taxation		4,198,479	-	8,003,038	-
Minority interest		-	-	-	-
Net profit for the period		4,198,479	-	8,003,038	-
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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Company No. 660055-H
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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
Property, plant and equipment	3,049,701	2,762,009
Research and development expenditure	2,544,030	1,650,594
Investment in associate company	61,183	87,461
Amount due from jointly controlled entity	1,028,656	412,826
Current assets		
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
	<u>44,002,818</u>	<u>19,882,298</u>
Current liabilities		
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
	<u>7,815,755</u>	<u>7,993,755</u>
Net current assets	36,187,063	11,888,543
	<u>42,870,633</u>	<u>16,801,433</u>
Financed by:		
Capital and reserves		
Share capital	25,200,000	9,400,000
Share premium	7,417,674	-
Reserves	9,118,867	6,154,831
Shareholders' equities	<u>41,736,541</u>	<u>15,554,831</u>
Finance payables	172,389	201,212
Term loans	961,703	1,045,390
	<u>42,870,633</u>	<u>16,801,433</u>
Net Tangible Assets Per Share (sen)	<u>16</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 12)

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NEXTNATION COMMUNICATION BERHADCompany no. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 31 OCTOBER 2005****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)

	CURRENT YEAR QUARTER ENDED 31 OCTOBER 2005	PRECEDING YEAR QUARTER ENDED 31 OCTOBER 2004 (AUDITED)
	RM	RM
Cash flows from operating activities		
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)	-
Net cash used in operating activities	<u>(1,263,679)</u>	<u>-</u>
Cash flows from investing activities		
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)	-
Net cash used in investing activities	<u>(2,244,359)</u>	<u>-</u>
Cash flows from financing activities		
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)	-
Net cash used in financing activities	<u>23,132,583</u>	<u>-</u>
Net increase in cash and cash equivalents	19,624,545	-
Cash and cash equivalents at 1 May 2005	2,815,229	-
Cash and cash equivalents at end of period	<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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