

NEXTNATION COMMUNICATION BERHAD
(Company No. 66055-H)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 JULY 2006**

NEXTNATION COMMUNICATION BERHAD

Company No. 660055-11
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006**

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2006 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2005 RM	CURRENT YEAR TO-DATE 31 JULY 2006 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2005 RM
Revenue		23,450,829	15,242,696	23,450,829	15,242,696
Operating expenses		(18,160,576)	(11,144,328)	(18,160,576)	(11,144,328)
Profit from operations		5,290,253	4,098,368	5,290,253	4,098,368
Depreciation and amortisation		(429,881)	(221,005)	(429,881)	(221,005)
Finance costs		(48,741)	(23,460)	(48,741)	(23,460)
Interest income		62,831	9,418	62,831	9,418
Realisation of reserve on consolidation		-	-	-	-
Share of results of:-					
Jointly controlled entity		-	(18,842)	-	(18,842)
Associate company		-	(1,650)	-	(1,650)
Profit before taxation		4,874,462	3,842,829	4,874,462	3,842,829
Taxation	B4	(40,378)	(38,270)	(40,378)	(38,270)
Net profit for the period		4,834,084	3,804,559	4,834,084	3,804,559
Attributable to:					
Equity holders of the parent		4,839,011	3,804,559	4,839,011	3,804,559
Minority interest		(4,927)	-	(4,927)	-
		4,834,084	3,804,559	4,834,084	3,804,559
Earnings per share attributable to equity holders of the parent					
- Basic (sen)	B12	1.92	4.05	1.92	4.05
- Diluted (sen)		-	-	-	-

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the financial year ended 30 April 2006 and the accompanying Notes to the Interim Financial Report on pages 5 to 15)

NEXTNATION COMMUNICATION BERHAD

Company No. 660055-II
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006**

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	AT 31 JULY 2006	AT 30 APRIL 2006 (AUDITED)
	RM	RM
Property, plant and equipment	3,846,224	3,701,098
Research and development expenditure	3,910,426	3,566,201
Investment in associate company	-	-
Fixed deposits with a licensed bank	280,000	280,000
Current assets		
Trade and other receivables	52,632,375	39,639,667
Tax recoverable	1,200	24,976
Cash and cash equivalents	7,536,261	12,682,901
	<u>60,169,836</u>	<u>52,347,544</u>
Current liabilities		
Trade and other payables	11,400,642	7,924,983
Finance payables	93,766	92,276
Term loans	88,078	103,728
Tax payables	29,304	36,249
	<u>11,611,790</u>	<u>8,157,236</u>
Net current assets	48,558,046	44,190,308
	<u>56,594,696</u>	<u>51,737,607</u>
Financed by:		
Capital and reserves		
Equity attributable to equity holders of the parent		
Share capital	25,200,000	25,200,000
Reserves	7,417,674	7,420,815
Retained profit	22,642,276	17,829,216
	<u>55,259,950</u>	<u>50,450,031</u>
Minority interest	68,533	-
Total equity	<u>55,328,483</u>	<u>50,450,031</u>
Finance payables	361,239	385,239
Term loans	904,974	902,337
	<u>56,594,696</u>	<u>51,737,607</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	<u>21.93</u>	<u>20.02</u>

(The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the financial year ended 30 April 2006 and the accompanying Notes to the Interim Financial Report on pages 5 to 15)

NETNATION COMMUNICATION BERHAD

Company no. 660855-H
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Non-Distributable			Distributable			Total RM	Minority Interest RM	Total Equity RM
	Share Capital RM	Share Premium RM	Foreign exchange translation RM	Retained Profit RM	Total RM	Minority Interest RM			
At 1 May 2006	25,200,000	7,417,674	3,141	17,829,216	50,450,031	-	-	50,450,031	
Currency translation differences	-	-	(29,092)	-	(29,092)	-	-	(29,092)	
Net income/(expense) recognised directly in equity	25,200,000	7,417,674	(25,951)	17,829,216	50,420,939	-	-	50,420,939	
Net profit for the period	-	-	-	4,839,011	4,839,011	(4,927)	(4,927)	4,834,084	
Total recognised income and expense for the period	25,200,000	7,417,674	(25,951)	22,668,227	55,259,950	(4,927)	(4,927)	55,255,023	
Acquisition of subsidiary	-	-	-	-	-	73,460	73,460	73,460	
At 31 July 2006	25,200,000	7,417,674	(25,951)	22,668,227	55,259,950	68,533	68,533	55,328,483	
At 1 May 2005	9,400,000	-	-	6,154,831	15,554,831	-	-	15,554,831	
Currency translation differences	-	-	998	-	998	-	-	998	
Net income recognised directly in equity	9,400,000	-	998	6,154,831	15,555,829	-	-	15,555,829	
Net profit for the period	-	-	-	3,804,559	3,804,559	-	-	3,804,559	
At 31 July 2005	9,400,000	-	998	9,959,390	19,360,388	-	-	19,360,388	

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 April 2006 and the accompanying Notes to the Interim Financial Report on pages 5 to 15)

NEXTNATION COMMUNICATION BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006**

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

	CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED 31 JULY 2006	PRECEDING YEAR QUARTER ENDED 31 JULY 2005
	RM	RM
Cash flows from operating activities		
Profit before taxation	4,874,462	3,842,829
Adjustments for non-cash flow:		
Non-cash items	402,718	223,699
Finance costs	48,741	23,460
Interest income	(62,831)	(9,418)
Operating profit before working capital changes	<u>5,263,090</u>	<u>4,080,570</u>
Changes in working capital:		
Net change in current assets	(12,585,771)	(2,653,205)
Net change in current liabilities	3,475,660	(198,080)
Cash (used in)/generated from operations	<u>(3,847,021)</u>	<u>1,229,285</u>
Finance costs	(48,741)	(23,460)
Interest income	62,831	9,418
Income tax paid	(23,547)	-
Net cash used in operating activities	<u>(3,856,478)</u>	<u>1,215,243</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(314,132)	(207,614)
Amount due from jointly controlled entity	-	(561,158)
Investment in associate company	(406,937)	1,650
Research and development expenditure paid	(607,030)	(505,688)
Net cash from acquisition of subsidiary company	73,460	-
Net cash used in investing activities	<u>(1,254,639)</u>	<u>(1,272,810)</u>
Cash flows from financing activities		
Repayment of finance payables	(22,510)	(13,257)
Repayment of term loans	(13,013)	(19,390)
Net cash used in financing activities	<u>(35,523)</u>	<u>(32,647)</u>
Net decrease in cash and cash equivalents	(5,146,640)	(90,214)
Cash and cash equivalents at 1 May	12,682,901	2,815,229
Cash and cash equivalents at end of year	<u><u>7,536,261</u></u>	<u><u>2,725,015</u></u>

(The Unaudited Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the financial year ended 30 April 2006 and the accompanying Notes to the Interim Financial Report on pages 5 to 15)

NEXTNATION COMMUNICATION BERHAD

Company no. 660055-H
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2006

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134 INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The interim financial report should be read in conjunction with the latest audited financial statements of Nextnation Communication Berhad ("Nextnation" or the "Company") and its subsidiaries ("Group") for the financial year ended 30 April 2006.

The accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the year ended 30 April 2006 except for the adoption of the following new or revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 132	Financial Instruments: Disclosures and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The following new or revised FRS has been adopted earlier in the audited financial statements for the year ended 30 April 2006:

FRS 131	Interests in Joint Ventures
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The adoption of FRS 3, 108, 110, 116, 121, 127, 128, 132, 133, 136 and 138 does not have significant impact on the Group. The principal effects of the changes in the accounting policies resulting from the adoption of the other new or revised FRSs are disclosed below:-

NEXTNATION COMMUNICATION BERHAD

Company no. 660055-H
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2006

A1. Basis of preparation (Cont'd)

FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of the minority interest. In the consolidated balance sheet, minority interest is now presented within total equity whereas in the consolidated income statement, minority interest is presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity.

FRS 101 also requires disclosure in the statement of changes in equity for total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest. The current quarter's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current quarter's presentation.

A2. Qualification of financial statements

There was no audit qualification reported in the audited financial statements of the Group for the financial year ended 30 April 2006.

A3. Seasonal or cyclical factors

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A5. Material changes in estimates

There were no changes in the nature and amount of estimates reported in prior financial years that have a material effect in the current quarter results.

A6. Debts and equity securities

There were no issuance, repurchase, cancellation, resale, and repayment of debt and equity securities for the current quarter under review.

A7. Dividend paid

There was no dividend paid during the current quarter under review.

NEXTNATION COMMUNICATION BERHADCompany no. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006****A8. Segmental information**

The segmental analysis of revenue and profit after taxation of the Group for the current quarter ended 31 July 2006 are tabulated below:

Segment	Malaysia RM	Other Countries RM	Elimination RM	Total RM
Revenue	18,312,417	8,428,812	(3,290,400)	23,450,829
Net profit/(loss) for the period	5,251,388	(502,430)	85,126	4,834,084

A9. Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A10. Material events subsequent to the end of the quarter

Save as disclosed below, there were no other material events subsequent to the end of the reporting quarter that have not been reflected in the current quarter under review.

(a) **Subscription of shares in Often Reach Investments Limited ("Often Reach") by Godynamic Investments Limited ("Godynamic"), a subsidiary of Nextnation**

On 22 August 2006, Public Merchant Bank Berhad ("PMBB") announced on behalf of Nextnation, that Godynamic has subscribed for 700 new ordinary shares of USD1.00 each at par in Often Reach. Following the aforesaid subscription, Often Reach shall be deemed as an indirect subsidiary of Nextnation.

(b) **Proposed acquisition of the entire issued and paid-up share capital of Euro Tai Solution Sdn. Bhd. ("Euro Tai") ("Proposed Acquisition of Euro Tai")**

Further to the announcement made on 5 June 2006 in relation to the Proposed Acquisition of Euro Tai, the Board of Directors of Nextnation announced on 4 September 2006 that there is a change of corporate structure to the Proposed Acquisition of Euro Tai whereby Nextnation will directly acquire the entire issued and paid-up share capital of Euro Tai, a Multimedia Super Corridor-Status company, comprising 50,000 ordinary shares of RM1.00 each fully paid-up for a total cash consideration of RM50,000 instead of via its wholly-owned subsidiary, Ozura Sdn. Bhd.

NEXTNATION COMMUNICATION BERHAD

Company no. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006**

A10. Material events subsequent to the end of the quarter (Cont'd)

The principal activities of Euro Tai are as follows:

- (i) Research, development and commercialization of solutions and content for the mobile entertainment industry; and
- (ii) Provision of technical support and maintenance services related to item (i) above.

The Proposed Acquisition of Euro Tai is expected to enhance the Group's position in relation to mobile game engine/solution development.

(c) Subscription of shares in PT Flower Star Media ("PT Flower") and PT Semesta Tirta Antara Raya ("PT Semesta") in Indonesia

On 6 September 2006, the Company announced that Godynamic had subscribed for 252,000 ordinary shares of IDR9,345 (USD1.00) each at par value in PT Flower, representing 84% of the entire issued and paid-up share capital of PT Flower for a total cash consideration of IDR2,354,940,000 (USD252,000).

Godynamic had also subscribed for 25,200 ordinary shares of IDR100,000 each at par value in PT Semesta, representing 84% of the entire issued and paid-up share capital of PT Semesta for a total cash consideration of IDR2,520,000,000. Following the aforesaid subscriptions, PT Flower and PT Semesta shall be deemed indirect subsidiaries of Nextnation.

(d) Acquisition of 60% effective equity interest in PT Elasitas Multi Kreasi, Jakarta, Indonesia ("Acquisition of Elasitas")

Further to the announcements made on 10 March 2006 and 19 June 2006 in relation to the Acquisition of Elasitas, the Company announced on 22 September 2006 that Godynamic has subscribed for 59 new ordinary shares of USD1.00 each in Guillemard International Limited ("Guillemard"), representing 62.11% of the entire enlarged issued and paid up share capital of Guillemard, for a total cash consideration of USD854,025 and the Acquisition of Elasitas has been completed.

A11. Changes in composition of the Group

The Company announced on 5 July 2006 that Nextnation Interactive Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, has incorporated an 80%-owned subsidiary in Indonesia, namely Nextnation Prisma, together with PT Prisma Dinamika Selaras, a company incorporated in Indonesia.

NEXTNATION COMMUNICATION BERHAD

Company no. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006**

A11. Changes in composition of the Group (Cont'd)

Nextnation Prisma has an authorised capital of IDR3,524,000,000 (or USD400,000) comprising 400,000 ordinary shares of IDR8,810 (or USD1.00) each and to have issued capital of IDR881,000,000 (or USD100,000) comprising 100,000 ordinary shares of IDR8,810 (or USD1.00) each.

The principal activity of Nextnation Prisma is provision of voice and data related telecommunication solutions.

Other than the above, there were no other changes in the composition of the Group in the current quarter under review.

A12. Contingent assets or liabilities

There were no contingent assets or contingent liabilities for the current quarter under review.

A13. Capital commitments

Capital commitment for the current quarter under review contracted but not provided for in this interim financial report is for business expansion in the People's Republic of China, with reference to item B7 (b) below.

NEXTNATION COMMUNICATION BERHADCompany no. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006****ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA SECURITIES FOR THE MESDAQ MARKET****B1. Review of performance****(a) Performance of the current quarter against the preceding quarter**

	4th Quarter 1 February 2006 to 30 April 2006	1 st Quarter 1 May 2006 to 31 July 2006	Variance	
	RM '000	RM '000	RM'000	%
Revenue	17,782	23,451	5,669	31.9
Profit before taxation	4,463	4,874	411	9.2
Net profit	4,491	4,834	343	7.6

Revenue

The Group's revenue in the current quarter increased by 31.9% to RM23.5 million compared to the previous quarter of RM17.8 million, a good indication that it is on the right track with its growth strategy for the financial year 2007. The better performance was attributed to its operations in the regional market, its continuous effort to improve and innovate on its products and services, and the industry's shift from voice to data, resulting in greater a demand for mobile value-added services.

As the Group widens its customer base through its regional market expansion and strategic partnerships, it was able to create economies of scale, as well as higher average revenue per user and thus driving up and diversifying its revenue. In addition, the Group's commitment towards research and development and its strong team of dedicated local and overseas staffs have produced quality products and services that are able to sustain and attract new customers, resulting in increased revenue.

Profit before taxation and net profit

The Group achieved profit before tax ("PBT") of RM4.9 million and profit after tax ("PAT") of RM4.8 million, representing an improvement of 9.2% and 7.6% respectively from the previous quarter, despite spending a considerable amount of fund on start-up costs and operating expenses in overseas business.

NEXTNATION COMMUNICATION BERHADCompany no. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006****B1. Review of performance (Cont'd)****(b) Performance of the current quarter against the preceding year corresponding quarter**

The Group's revenue of RM23.5 million in the current quarter represents a 54.6% increase over the RM15.2 million recorded for the preceding year corresponding quarter. PBT and PAT for the current quarter increased by 26.8% and 27.0% respectively compared to the previous year corresponding quarter. The encouraging performance was achieved on the back of higher demand for the Group's products and services resulting from expanded customer base.

B2. Current year's prospect

The Group will continue to focus on its technology, regional market expansion, products and services enhancement, and strong partnerships to allow it to execute its strategies for the remaining financial year effectively. The Group also expects revenue contributions from its new operations in overseas markets and an increase in staff strength to support the business expansion. Barring any unforeseen circumstances, the Directors expect a better performance for the remaining financial year.

B3. Variance of actual profit from forecast profit

The Group has not published or issued any profit forecast for the current period and financial year to-date.

B4. Taxation

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Current year to-date	Preceding year corresponding period
	31.07.2006 RM	31.07.2005 RM	31.07.2006 RM	31.07.2005 RM
Current period's provision	40,378	38,270	40,378	38,270

The taxation provision is lower than the statutory tax rate. The disproportionate tax rate was a result of pioneer status enjoyed by one of its subsidiaries, Nextnation Network Sdn. Bhd. ("NN"), thus resulting in its profit being exempted from tax.

NEXTNATION COMMUNICATION BERHAD

Company no. 660055-H
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2006

B5. Profit/ (losses) on sales of unquoted investment and/or properties

There were no disposals of unquoted investments and/or properties by the Group for the current quarter under review and financial year to-date.

B6. Quoted securities

There was no purchase or disposal of quoted securities by the Group for the current quarter under review and financial year to-date.

B7. Status of corporate proposals

Save as disclosed below, there were no other corporate proposals announced but not completed in the current quarter under review:-

- (a) PMBB, on behalf of Nextnation, announced on 14 March 2006 that Nextnation proposed to implement a private placement of up to 10% of the existing issued and paid-up share capital of the Company comprising 25,200,000 new ordinary shares of RM0.10 each ("Placement Shares") ("Proposed Private Placement"), and the Proposed Private Placement has been approved by the SC via its letter dated 24 March 2006. On 21 September 2006, PMBB on behalf of the Board of Nextnation, announced that the Securities Commission had, vide its letter dated 20 September 2006, approved Nextnation's application for the extension of time of six (6) months from 24 September 2006 to 23 March 2007 for Nextnation to implement the Proposed Private Placement. 10,000,000 of the Placement Shares have been issued and listed on the MESDAQ Market of Bursa Securities on 22 September 2006.
- (b) PMBB, on behalf of Nextnation, announced on 22 March 2006, 13 April 2006, 23 May 2006 and 22 August 2006 that Godynamic will subscribe for 700 new ordinary shares of USD1.00 each at par ("Subscription of Ordinary Shares") and 250,000,000 new irredeemable convertible preference shares of USD0.01 each at par ("Subscription of ICPS") in Often Reach for 50% control in Often Reach based on the voting rights in Often Reach for business expansion in the People's Republic of China. The Subscription of Ordinary Shares has been completed but the Subscription of ICPS is still pending.
- (c) On 27 April 2006, PMBB, on behalf of the Board, announced that the Company proposed to implement proposed bonus issue of up to 138,600,000 new ordinary shares of RM0.10 each in Nextnation ("Bonus Issue"), to be credited as fully paid-up, on the basis of one (1) Bonus Share for every two (2) existing ordinary shares of RM0.10 each in Nextnation.

The Company intends to implement the Proposed Bonus Issue after the completion of the Proposed Private Placement of the Company.

NEXTNATION COMMUNICATION BERHADCompany no. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006****B7. Status of corporate proposals (Cont'd)**

- (d) Further to the announcement made on 5 June 2006 in relation to the Proposed Acquisition of Euro Tai, the Board of Directors of Nextnation announced on 4 September 2006 that there is a change of corporate structure to the Proposed Acquisition of Euro Tai, whereby Nextnation will directly acquire the entire issued and paid-up share capital of Euro Tai, comprising 50,000 ordinary shares of RM1.00 each fully paid-up for a total cash consideration of RM50,000 instead of via its wholly-owned subsidiary, Ozura Sdn. Bhd. The Proposed Acquisition of Euro Tai is expected to be completed within three (3) months from the date of the announcement on 4 September 2006.
- (e) As at 31 July 2006, the Company has utilised approximately 85.0% of the proceeds raised from the Initial Public Offering on 26 August 2005 in the following manner:

	Proposed Utilisation	Utilised Amount	Utilised Amount	Unutilised Amount
	RM'000	RM'000	%	RM'000
Capital expenditures	1,000	1,000	4.0	-
Working Capital	5,118	4,183	16.8	935
Research and development expenditures	4,800	3,382	13.5	1,418
Advertising and promotions	7,500	7,458	29.9	42
Overseas expansion	4,800	3,444	13.8	1,356
Estimated listing expenses	1,742	1,742	7.0	-
Total	24,960	21,209	85.0	3,751

The unutilized proceeds are kept in the interest earning accounts maintained with approved financial institutions in Malaysia.

NEXTNATION COMMUNICATION BERHADCompany no. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006****B8. Borrowings and debt securities**

Save as disclosed below, the Group does not have any loan capital outstanding or created, convertible debt securities, mortgages or charges outstanding as at 31 July 2006.

Type of interest bearing secured borrowings	Payable within 12 months	Payable after 12 months
	RM	RM
Hire purchase	93,766	361,239
Term loans	88,078	904,974
Total	181,844	1,266,213

All the above borrowings are in Malaysian currency. There has been no default on payment of either interest and/or principal sum, in respect of the abovementioned borrowings throughout the past one (1) financial year.

B9. Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments.

B10. Changes in material litigation

Save as disclosed below, the Group is not engaged in any material litigation, either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

A legal proceeding vide Kuala Lumpur High Court Civil Suit No. MT4-22-1739-2004 for copyright infringement has been commenced against Celcom (M) Berhad ("Celcom") by Goodsound Music Publishing Sdn. Bhd. and eight (8) others ("Plaintiffs"). In the said suit, the plaintiff alleged that Celcom has converted and reproduced certain songs owned by them collectively and made the same available to the general public in the form of downloadable ringtones from Celcom's website, without any authority, license or permission of the Plaintiffs.

Celcom's solicitors, Messrs Bustaman, has via a letter dated 2 August 2006 informed NN's solicitors, Messrs Cheang & Ariff that Celcom will not take legal action against NN.

B11. Dividend

There is no dividend declared for the current quarter under review.

NEXTNATION COMMUNICATION BERHADCompany no. 660055-H
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
ENDED 31 JULY 2006****B12. Earnings per share**

The basic earnings per share for the current quarter ended 31 July 2006 has been calculated based on the net profit for the period attributable to ordinary equity holders of the parent divided by the weighted average number of ordinary shares in issued during the period.

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.07.2006	Preceding year corresponding quarter 31.07.2005	Current year to-date 31.07.2006	Preceding year corresponding period 31.07.2005
Net profit for the period attributable to the ordinary equity holder of the parent (RM'000)	4,834	3,805	4,834	3,805
Weighted average number of ordinary shares in issue ('000)	252,000	94,000	252,000	94,000
Basic earnings per share attributable to equity holders of the parent (sen)	1.92	4.05	1.92	4.05