

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED 31 JANUARY 2007**

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007**

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JANUARY 2007 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JANUARY 2006 RM	CURRENT YEAR TO-DATE 31 JANUARY 2007 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JANUARY 2006 RM
<b>Revenue</b>		<b>28,217,127</b>	<b>17,591,989</b>	<b>78,761,205</b>	<b>49,599,456</b>
Operating expenses		(21,947,385)	(13,328,992)	(61,357,679)	(36,366,322)
<b>Profit from operations</b>		<b>6,269,742</b>	<b>4,262,997</b>	<b>17,403,526</b>	<b>13,233,134</b>
Depreciation and amortisation		(592,325)	(322,987)	(1,482,718)	(806,648)
Finance costs		(32,005)	(14,355)	(101,574)	(41,629)
Interest income		88,555	48,590	222,728	112,348
Reversal of share of result of:- Jointly controlled entity		-	425,733	-	-
Share of result of:- Associate company		-	(61,183)	-	(87,460)
<b>Profit before taxation</b>		<b>5,733,967</b>	<b>4,338,795</b>	<b>16,041,962</b>	<b>12,409,745</b>
Taxation	B4	(47,523)	(17,600)	(141,308)	(85,512)
<b>Net profit for the period</b>		<b>5,686,444</b>	<b>4,321,195</b>	<b>15,900,654</b>	<b>12,324,233</b>
Attributable to:					
Equity holders of the parent		6,402,334	4,321,195	16,355,308	12,324,233
Minority interest		(715,890)	-	(454,654)	-
		<b>5,686,444</b>	<b>4,321,195</b>	<b>15,900,654</b>	<b>12,324,233</b>
Earnings per share attributable to equity holders of the parent					
- Basic (sen)	B12	2.5	1.7	6.3	5.1
- 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-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007**

**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	AT 31 JANUARY 2007	AT 30 APRIL 2006 (AUDITED)
	RM	RM
<b>Property, plant and equipment</b>	4,497,723	3,701,098
<b>Research and development expenditure</b>	4,821,015	3,566,201
<b>Intangible asset</b>	1,195,822	-
<b>Goodwill on consolidation</b>	2,764,678	-
<b>Fixed deposits with a licensed bank</b>	280,000	280,000
<b>Current assets</b>		
Trade and other receivables	67,147,215	39,639,667
Tax recoverable	9,802	24,976
Cash and cash equivalents	17,921,899	12,682,901
	<u>85,078,916</u>	<u>52,347,544</u>
<b>Current liabilities</b>		
Trade and other payables	19,898,865	7,924,983
Finance payables	120,075	92,276
Term loans	101,674	103,728
Tax payables	78,945	36,249
	<u>20,199,559</u>	<u>8,157,236</u>
<b>Net current assets</b>	64,879,357	44,190,308
	<u>78,438,595</u>	<u>51,737,607</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	26,820,000	25,200,000
Reserves	14,918,840	7,420,815
Retained profit	34,592,724	17,829,216
	<u>76,331,564</u>	<u>50,450,031</u>
Minority interest	915,127	-
Total equity	77,246,691	50,450,031
<b>Finance payables</b>	325,961	385,239
<b>Term loans</b>	865,943	902,337
	<u>78,438,595</u>	<u>51,737,607</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b>	<u>28.46</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)

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER**

**ENDED 31 JANUARY 2007**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)**

	<----- Attributable to Equity Holders of the Parent ----->						
	Non-Distributable			Distributable		Minority Interest RM	Total Equity RM
	Share Capital	Share Premium	Foreign exchange translation	Retained Profit	Total		
RM	RM	RM	RM	RM			
At 1 May 2006	25,200,000	7,417,674	3,141	17,829,216	50,450,031	-	50,450,031
Issue of shares	1,620,000	7,652,000	-	-	9,272,000	-	9,272,000
Placement expenses	-	(150,834)	-	-	(150,834)	-	(150,834)
Currency translation differences	-	-	405,059	-	405,059	-	405,059
Net income recognised directly in equity	26,820,000	14,918,840	408,200	17,829,216	59,976,256	-	59,976,256
Net profit for the period	-	-	-	16,355,308	16,355,308	(454,654)	15,900,654
Total recognised income and expense for the period	26,820,000	14,918,840	408,200	34,184,524	76,331,564	(454,654)	75,876,910
Acquisition of subsidiary	-	-	-	-	-	1,369,781	1,369,781
At 31 January 2007	<u>26,820,000</u>	<u>14,918,840</u>	<u>408,200</u>	<u>34,184,524</u>	<u>76,331,564</u>	<u>915,127</u>	<u>77,246,691</u>
At 1 May 2005	9,400,000	-	-	6,154,831	15,554,831	-	15,554,831
Issue of shares	15,800,000	21,760,000	-	-	37,560,000	-	37,560,000
Capitalisation as bonus shares	-	(12,600,000)	-	-	(12,600,000)	-	(12,600,000)
Listing expenses	-	(1,742,326)	-	-	(1,742,326)	-	(1,742,326)
Currency translation differences	-	-	998	-	998	-	998
Net income recognised directly in equity	25,200,000	7,417,674	998	6,154,831	38,773,503	-	38,773,503
Net profit for the period	-	-	-	12,324,233	12,324,233	-	12,324,233
Total recognised income and expense for the period	25,200,000	7,417,674	998	18,479,064	51,097,736	-	51,097,736
Dividend paid: - Interim	-	-	-	(5,040,000)	(5,040,000)	-	(5,040,000)
At 31 January 2006	<u>25,200,000</u>	<u>7,417,674</u>	<u>998</u>	<u>13,439,064</u>	<u>46,057,736</u>	<u>-</u>	<u>46,057,736</u>

(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 THIRD QUARTER  
ENDED 31 JANUARY 2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)**

	<b>CUMULATIVE QUARTER</b>	
	<b>CURRENT YEAR QUARTER ENDED 31 JANUARY 2007</b>	<b>PRECEDING YEAR QUARTER ENDED 31 JANUARY 2006</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	16,041,962	12,409,745
Adjustments for non-cash flow:		
Non-cash items	2,006,101	792,175
Finance costs	101,574	41,629
Interest income	(222,728)	(112,348)
Operating profit before working capital changes	<u>17,926,909</u>	<u>13,131,201</u>
Changes in working capital:		
Net change in current assets	(25,769,107)	(13,549,459)
Net change in current liabilities	<u>11,833,516</u>	<u>2,416,523</u>
Cash generated from operations	3,991,318	1,998,265
Finance costs	(101,574)	(41,629)
Interest income	222,728	112,348
Income tax paid	(124,018)	(152,168)
Dividend paid	-	(5,040,000)
<b>Net cash generated from/(used in) operating activities</b>	<u>3,988,454</u>	<u>(3,123,184)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(988,768)	(684,995)
Reversal of share of asset of jointly controlled entity	97,051	-
Intangible asset paid	(1,195,822)	-
Amount due from jointly controlled entity	-	339,733
Investment in associate company	(1,178,916)	99,138
Research and development expenditure paid	(2,142,245)	(2,127,199)
Net cash from acquisition of subsidiary company	<u>(2,345,028)</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(7,753,728)</u>	<u>(2,373,323)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of share capital	9,272,000	24,960,000
Placement expenses	(150,834)	-
Listing expenses	-	(1,742,326)
Repayment of finance payables	(78,446)	(39,874)
Repayment of term loans	<u>(38,448)</u>	<u>(86,616)</u>
<b>Net cash generated from financing activities</b>	<u>9,004,272</u>	<u>23,091,184</u>
<b>Net increase in cash and cash equivalents</b>	5,238,998	17,594,677
<b>Cash and cash equivalents at 1 May</b>	12,682,901	2,815,229
<b>Cash and cash equivalents at end of year</b>	<u>17,921,899</u>	<u>20,409,906</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 THIRD QUARTER ENDED 31 JANUARY 2007

### 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 Rule 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 THIRD QUARTER ENDED 31 JANUARY 2007

### **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 BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007****A8. Segmental information**

The segmental analysis of revenue and profit after taxation of the Group for the current quarter ended 31 January 2007 are tabulated below:

<b>Segment</b>	<b>Malaysia RM</b>	<b>Other Countries RM</b>	<b>Elimination RM</b>	<b>Total RM</b>
<b>Revenue</b>	17,240,007	14,127,120	(3,150,000)	28,217,127
<b>Net profit for the period</b>	5,104,374	596,156	(14,086)	5,686,444

**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**

There were no material events subsequent to the end of quarter under review.

**A11. Changes in composition of the Group**

On 6 December 2006, the Company announced that Godynamic Investments Limited (“Godynamic”), a subsidiary of the Company, has incorporated a wholly-owned subsidiary in Socialist Republic of Vietnam, namely Vinamob Venture Company Limited (“VVCL”). The intended business activities of VVCL are research and development of information technology, Internet and wireless Internet; design, produce and provide value added products and services for mobile and information technology.

On 20 December 2006, the Company announced that Godynamic has acquired one (1) ordinary share at par value of USD1 in Vision Phoenix Group Limited (“VPGL”), representing the entire issued and paid-up capital of VPGL for a cash consideration of USD1. VPGL is currently dormant. However, VPGL will be the holding company of a wholly-owned foreign entity to be incorporated in the People's Republic of China for the provision of the next generation mobile video streaming technology and high capacity value-added telecommunication services.

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.



**NEXTNATION COMMUNICATION BERHAD**

**Company No. 66055-H  
(Incorporated in Malaysia)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007**

**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 BERHAD**Company No. 66055-H  
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007****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**

	<b>2nd Quarter 1 August 2006 to 31 October 2006</b>	<b>3rd Quarter 1 November 2006 to 31 January 2007</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	27,093	28,217	1,124	4.1
Profit before taxation	5,433	5,734	301	5.5
Net profit	5,380	5,686	306	5.7

**Revenue**

For the current quarter under review, the Group recorded revenue of RM28.2 million as compared to revenue of RM27.1 million reported in the previous quarter. The growth of 4.1% was mainly attributable to the Group's continuous effort and commitment towards research and development, and marketing campaigns in the competitive mobile communications market by the mobile content partners, resulting in increase in demand.

**Profit before taxation and net profit**

The Group generated profit before tax ("PBT") of RM5.73 million and profit after tax ("PAT") of RM5.69 million, an increase of 5.5% and 5.7% respectively from the previous quarter. The increase in PBT and PAT was basically in-line with the growth in revenue. The slightly higher growth rate for PBT and PAT as compared to revenue's 4.1% was mainly due to economies of scale and the Group's effort in cost streamlining.

**(b) Performance of the current quarter against the preceding year  
corresponding quarter**

The Group's revenue of RM28.2 million in the current quarter signify an approximately 60.0% growth over the RM17.6 million reported for the preceding year corresponding quarter. PBT and PAT for the current quarter increased by 32.2% and 31.6% respectively compared to the previous year corresponding quarter. The encouraging performance was mainly contributed by the significant growth in the Group's overseas market base.

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007**

**B2. Current year's prospect**

The Board of Directors ("Board") remains upbeat on the future of the mobile communications industry, both locally and overseas. The Group will continue its commitment to deliver better quality and valued services to its customers and business partners as well as expand its market share in the mobile application services provider industry. The Group is also continuously exploring new potential markets/sectors within the industry to enhance its profile and profitability in the future. Barring any unforeseen circumstances, the Board expects the Group to achieve an encouraging 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
	31.01.2007 RM	31.01.2006 RM	31.01.2007 RM	31.01.2006 RM
Current period's provision	47,523	17,600	141,308	85,512

Malaysian income tax is calculated at the Malaysian statutory tax rate of the estimated assessable profit for the period. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdiction.

For the current quarter ended 31 January 2007, the foreign income tax provision is in respect of PT. Elasitas Multi Kreasi. There is no provision for taxation for other oversea subsidiaries as they are in a net loss position.

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

**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.

# NEXTNATION COMMUNICATION BERHAD

Company No. 660055-H  
(Incorporated in Malaysia)

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JANUARY 2007

### **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) Proposed private placement of up to ten percent (10%) of the existing and paid-up share capital of the Company**

Public Merchant Bank Berhad (now known as Public Investment Bank Berhad) (“PIVB”), 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 Securities Commission (“SC”) via its letter dated 24 March 2006. On 21 September 2006, PIVB on behalf of the Board of Nextnation, announced that the SC 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. The first tranche of 10,000,000 and second tranche of 6,200,000 of the Placement Shares have been issued and listed on the MESDAQ Market of Bursa Malaysia Securities Berhad (“MESDAQ Market”) on 22 September 2006 and 10 October 2006 respectively. The balance of 9,000,000 Placement Shares have yet to be placed out.

On 7 March 2007, PIVB, on behalf of Nextnation, has applied to the SC for a further extension of three (3) months from 24 March 2007 to 23 June 2007 for Nextnation to complete the implementation of the Proposed Private Placement. The said application is pending approval from the SC.

#### **(b) Subscription of shares in Often Reach Investments Limited (“Often Reach”) by Godynamic, a subsidiary of Nextnation**

PIVB, 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.

**NEXTNATION COMMUNICATION BERHAD**

**Company No. 66055-H  
(Incorporated in Malaysia)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007**

**B7. Status of corporate proposals (Cont'd)**

- (c) **Proposed bonus issue of up to 138,600,000 new ordinary shares of RM0.10 each in Nextnation (“Bonus Shares”), 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 held on an entitlement date to be determined and announced later (“Proposed Bonus Issue”)**

On 27 April 2006, PIVB, on behalf of the Board, announced that the Company proposed to implement the Proposed Bonus Issue. The Company intends to implement the Proposed Bonus Issue after the completion of the Proposed Private Placement, which has yet to be completed.

Bursa Malaysia Securities Berhad had, vide its letter dated 15 November 2006, approved in-principal the listing of and quotation for up to 138,600,000 Bonus Shares arising from the Proposed Bonus Issue.

- (d) **Memorandum of Understanding between Nextnation and Tawasul Telecom Co. LLC**

On 3 October 2006, the Company announced that it has signed a Memorandum of Understanding with Tawasul Telecom Co. LLC (“TT”), for the purpose of collaborating with each other in relation to research, development and the provision of Internet and wireless technologies and wireless value-added services, and related software and business ancillary thereto in countries where Nextnation and TT are currently operating their business.

Following this, on 21 March 2007, the Company announced that both parties are in the process of finalising the terms of cooperation. A detailed announcement will be made in due course once any agreement has been entered into.

- (e) **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 Company 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.

Pursuant to the announcements made on 18 December 2006 and 9 March 2007, the Company and the vendors have mutually agreed to further extend the fulfilment of the conditions precedent for the Proposed Acquisition of Euro Tai to 3 June 2007.

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007**

**B7. Status of corporate proposals (Cont'd)****(f) Utilisation of proceeds from Initial Public Offering ("IPO") and Proposed Private Placement**

As at 31 January 2007, the Company has fully utilised the proceeds raised from the IPO on 26 August 2005 in the following manner:

	<b>Proposed Utilisation</b>	<b>Utilised Amount</b>	<b>Utilised Amount</b>	<b>Unutilised Amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>
Capital expenditures	1,000	1,000	100	-
Working Capital	5,118	5,118	100	-
Research and development expenditures	4,800	4,800	100	-
Advertising and promotions	7,500	7,500	100	-
Overseas expansion	4,800	4,800	100	-
Estimated listing expenses	1,742	1,742	100	-
<b>Total</b>	<b>24,960</b>	<b>24,960</b>	<b>100</b>	<b>-</b>

Apart from the IPO proceeds, the Company had on 22 September 2006 and 10 October 2006 completed the private placements of 10,000,000 and 6,200,000 Placement Shares respectively, and the Placement Shares have been listed on the MESDAQ Market on 22 September 2006 and 10 October 2006 respectively.

The details of the utilisation of the proceeds raised from the Proposed Private Placement up to 31 January 2007 are as follows:

	<b>Proposed Utilisation</b>	<b>Utilised Amount</b>	<b>Utilised Amount</b>	<b>Unutilised Amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>
Working capital	9,112	3,668	40.3	5,444
Private placement expenses	160	151	94.4	9
<b>Total</b>	<b>9,272</b>	<b>3,819</b>	<b>41.2</b>	<b>5,453</b>

**NEXTNATION COMMUNICATION BERHAD**

Company No. 66055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007****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 January 2007.

<b>Type of interest bearing secured borrowings</b>	<b>Payable within 12 months</b>	<b>Payable after 12 months</b>
	<b>RM</b>	<b>RM</b>
Hire purchase		
- Malaysia	96,746	312,121
- Indonesia	23,329	13,840
Term loans		
- Malaysia	101,674	865,943
<b>Total</b>	<b>221,749</b>	<b>1,191,904</b>

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**

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.

**B11. Dividend**

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

**NEXTNATION COMMUNICATION BERHAD**

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(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER  
ENDED 31 JANUARY 2007****B12. Earnings per share**

The basic earnings per share for the current quarter ended 31 January 2007 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.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current year quarter 31.01.2007</b>	<b>Preceding year corresponding quarter 31.01.2006</b>	<b>Current year to-date 31.01.2007</b>	<b>Preceding year corresponding period 31.01.2006</b>
Net profit for the period attributable to the ordinary equity holder of the parent (RM'000)	6,402	4,321	16,355	12,324
Weighted average number of ordinary shares in issue ('000)	257,754	252,000	259,609	239,594
Basic earnings per share attributable to equity holders of the parent (sen)	2.5	1.7	6.3	5.1