

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

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 30 APRIL 2009**

NEXTNATION COMMUNICATION BERHAD

Company No. 660055-H
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 30 APRIL 2009**

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30 APRIL 2009 RM	PRECEDING YEAR CORRESPONDING QUARTER 30 APRIL 2008 RM	CURRENT YEAR TO-DATE 30 APRIL 2009 RM	PRECEDING YEAR CORRESPONDING PERIOD 30 APRIL 2008 RM
Revenue		14,134,096	13,845,336	54,302,645	65,145,681
Operating expenses		(11,236,120)	(20,429,220)	(56,006,680)	(66,719,264)
Profit/ (loss) from operations		2,897,976	(6,583,884)	(1,704,035)	(1,573,583)
Depreciation and amortisation		(1,188,429)	(1,151,368)	(4,753,491)	(3,957,202)
Finance costs		(237,981)	(130,920)	(845,766)	(317,578)
Interest income		10,939	23,497	201,293	184,856
Profit/ (loss) before taxation		1,482,505	(7,842,675)	(7,101,999)	(5,663,507)
Taxation	B4	61,361	23,113	(18,639)	(434,154)
Profit/ (loss) for the period		1,543,866	(7,819,562)	(7,120,638)	(6,097,661)
Attributable to:					
Shareholders of the Company		1,062,370	(7,474,483)	(6,746,852)	(8,632,032)
Minority interest		481,496	(345,079)	(373,786)	2,534,371
Profit/ (loss) for the period		1,543,866	(7,819,562)	(7,120,638)	(6,097,661)
Profit/ (loss) per share attributable to the equity holders of the Company					
- Basic (sen)	B12	0.26	(1.80)	(1.62)	(2.08)
- 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 2008 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
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CONDENSED CONSOLIDATED BALANCE SHEETS

	AT 30 APRIL 2009 (UNAUDITED) RM	AT 30 APRIL 2008 (AUDITED) RM
Property, plant and equipment	20,759,289	14,791,486
Research and development expenditure	10,335,039	5,913,508
Investment in associate companies	225,240	225,240
Intangible asset	2,292,325	2,945,388
Goodwill on consolidation	1,302,549	1,302,549
Fixed deposits with a licensed bank	538,503	518,000
Amount due from associate company	1,809,651	2,660,031
Current assets		
Trade and other receivables	42,274,391	43,226,757
Tax recoverable	1,088,116	487,511
Fixed deposits with a licensed bank	414,252	80,000
Cash and bank balances	13,551,482	15,562,865
	57,328,241	59,357,133
Current liabilities		
Trade and other payables	18,615,529	6,046,222
Amount due to associate company	240,760	231,814
Finance payables	523,649	355,634
Term loans	2,133,850	2,871,572
Tax payables	1,553	1,292
Bank overdraft	-	967,571
	21,515,341	10,474,105
Net current assets	35,812,900	48,883,028
	73,075,496	77,239,230
Financed by:		
Capital and reserves		
Equity attributable to equity holders of the Company		
Share capital	41,580,000	41,580,000
Reserves	247,599	695,376
Retained profit	19,322,352	26,069,204
	61,149,951	68,344,580
Minority interest	2,570,888	2,944,674
Total equity	63,720,839	71,289,254
Finance payables	820,433	955,352
Term loans	8,534,224	4,994,624
	73,075,496	77,239,230
Net assets per share attributable to ordinary equity holders of the Company (sen)	14.71	16.44

(The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the financial year ended 30 April 2008 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	<----- Attributable to Equity Holders of the Company ----->						
	Non-Distributable			Distributable			
	Share Capital RM	Share Premium RM	Foreign exchange translation RM	Retained Profit RM	Total RM		
At 1 May 2008	41,580,000	5,558,840	(4,863,464)	26,069,204	68,344,580	2,944,674	71,289,254
Currency translation differences	-	-	(447,777)	-	(447,777)	-	(447,777)
Net income recognised directly in equity	41,580,000	5,558,840	(5,311,241)	26,069,204	67,896,803	2,944,674	70,841,477
Net loss for the year	-	-	-	(6,746,852)	(6,746,852)	(373,786)	(7,120,638)
At 30 April 2009	<u>41,580,000</u>	<u>5,558,840</u>	<u>(5,311,241)</u>	<u>19,322,352</u>	<u>61,149,951</u>	<u>2,570,888</u>	<u>63,720,839</u>
At 1 May 2007	26,820,000	14,918,840	(1,801,022)	34,701,236	74,639,054	410,303	75,049,357
Issue of shares	900,000	4,500,000	-	-	5,400,000	-	5,400,000
Capitalised as bonus issue	13,860,000	(13,860,000)	-	-	-	-	-
Currency translation differences	-	-	(3,062,442)	-	(3,062,442)	-	(3,062,442)
Net income recognised directly in equity	41,580,000	5,558,840	(4,863,464)	34,701,236	76,976,612	410,303	77,386,915
Net loss for the year	-	-	-	(8,632,032)	(8,632,032)	2,534,371	(6,097,661)
At 30 April 2008	<u>41,580,000</u>	<u>5,558,840</u>	<u>(4,863,464)</u>	<u>26,069,204</u>	<u>68,344,580</u>	<u>2,944,674</u>	<u>71,289,254</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 2008 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

	CURRENT YEAR TO-DATE 30 APRIL 2009	CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 30 APRIL 2008
	RM	RM
Cash flows from operating activities		
Loss before taxation	(7,101,999)	(5,663,507)
Adjustments for non-cash flow:		
Non-cash items	5,598,624	2,909,658
Finance costs	845,766	317,578
Interest income	<u>(201,293)</u>	<u>(184,856)</u>
Operating loss before working capital changes	(858,902)	(2,621,127)
Changes in working capital:		
Net change in current assets	896,276	19,830,214
Net change in current liabilities	<u>9,131,364</u>	<u>(10,605,194)</u>
Cash generated from operations	9,168,738	6,603,893
Finance costs	(845,766)	(317,578)
Interest income	201,293	184,856
Income tax paid	<u>(126,112)</u>	<u>(1,099,084)</u>
Net cash generated from operating activities	<u>8,398,153</u>	<u>5,372,087</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,327,467)	(10,507,519)
Purchase of intangible assets	-	(2,579,625)
Research and development expenditure paid	(2,256,710)	(2,617,783)
Proceeds from disposal of property, plant and equipment	-	199,938
Withdrawal of fixed deposits	-	32,000
Net cash used in investing activities	<u>(10,584,177)</u>	<u>(15,472,989)</u>
Cash flows from financing activities		
Drawdown of term loan	5,550,200	7,146,182
Proceeds from issuance of share capital	-	5,400,000
Repayment of finance payables	(519,844)	(460,948)
Repayment of term loans	<u>(2,845,073)</u>	<u>(458,760)</u>
Net cash generated from financing activities	<u>2,185,283</u>	<u>11,626,474</u>
Net (decrease)/ increase in cash and cash equivalents	(741)	1,525,572
Cash and cash equivalents at 1 May	14,675,294	12,604,512
Translation differences	<u>(708,819)</u>	<u>545,210</u>
Cash and cash equivalents at end of year	<u>13,965,734</u>	<u>14,675,294</u>
Cash and cash equivalents comprise of :-		
Cash and bank balances	13,551,482	15,562,865
Fixed deposit with a licensed bank	414,252	80,000
Bank overdraft	<u>-</u>	<u>(967,571)</u>
	<u>13,965,734</u>	<u>14,675,294</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 2008 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 APRIL 2009

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 2008.

The accounting policies adopted by the Group in this interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 April 2008.

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 2008.

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 under review.

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

A7. Dividend paid

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

A8. Segmental information

The segmental analysis of revenue and loss before taxation of the Group for the financial year ended 30 April 2009 is tabulated below:

Segment	Malaysia RM	Other Countries RM	Elimination RM	Total RM
Revenue	22,548,782	31,753,863	-	54,302,645
Loss before tax	3,960,255	3,141,744	-	7,101,999

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 are no material events subsequent to the quarter ended 30 April 2009.

A11. Changes in composition of the Group

There were no changes in the composition of the Group in the current quarter under review.

A12. Contingent assets or liabilities

Same as disclosed below, the Company does not have any contingent assets or liabilities as at the date of this report.

RM

Contingent liability :

Corporate guarantee granted to a subsidiary company

19,079,989

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A13. Capital commitments

The amount of commitments for the acquisition of properties not provided for in the current quarter under review is as follows:

	RM
Approved and contracted for	<u>2,896,010</u>

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**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

For the current quarter ended 30 April 2009, the Group recorded revenue of RM14.1 million as compared to RM11.5 million recorded in the previous quarter ended 31 January 2009. The Group's revenue increased by 22.61% as a result of slight improvement of sales for the Company's products and services. Aggressive marketing effort has also contributed for the increase in revenue.

The Group recorded a profit before taxation of RM1.5 million for the current quarter ended 30 April 2009 as compared to a loss before taxation of RM4.1 million recorded in the previous quarter ended 31 January 2009. The increase in profit before taxation was mainly due to higher revenue generated and lower cost recorded.

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

The Group's revenue of RM14.1 million in the current quarter ended 30 April 2009 represents an increase in revenue of RM0.3 million as compared to RM13.8 million reported for the preceding year's corresponding quarter. The increase of 2.17% in revenue was mainly attributed to the slight improvement of sales for the Company's products and services.

The Group recorded a profit before taxation of RM1.5 million in the current quarter ended 30 April 2009 as compared to a loss before taxation of RM7.8 million recorded for the preceding year corresponding quarter ended 30 April 2008. The improvement in financial performance was mainly attributable to the slight increase in demand for the Company's products and services and major savings in cost in this current quarter. Cost saving practice by the Group has resulted in decrease of administration expenses.

The Group recorded a revenue and loss before taxation of RM54.3 million and RM7.1 million respectively for the twelve months period ended 30 April 2009 as compared to a revenue and loss before taxation of RM65.1 million and RM5.7 million respectively in the preceding year's corresponding period. The overall deterioration in revenue and financial performance was mainly attributable to overall lower demand for the Company's products and services as a result of the current market condition.

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B2. Next year's prospect

The Group expects to face a difficult business environment in the next financial year given the volatile global economic climate and challenges assailing the global information technology industry. In tandem with slower economic growth, the demand for mobile applications and value added services is expected to be lower. The Board of Directors continues to be concerned with these unprecedented challenges, especially the volatility of the global economy. The Group foresees a recovery for the next two quarter.

Notwithstanding this, the Group will continue during this challenging business environment to focus on its technology, products development, service enhancement, market expansion, and maintaining or securing strategic partnerships. The Group is committed to implement measures that will increase its operational efficiency and mitigate the impact of these external factors to some extent. The Group will also look for new sources of income, including expanding its international footprint and diversifying its earnings base abroad, where appropriate. This however, will only be undertaken with due diligence and professional assessment of the risks involved.

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
	30.4.2009 RM	30.4.2008 RM	30.4.2009 RM	30.4.2008 RM
Current period's provision	-	23,113	(193,610)	(432,925)
Overprovision/ (underprovision)	61,361	-	174,971	(1,229)
Total	61,361	23,113	(18,639)	(434,154)

Taxation is calculated at the rate prevailing in the respective jurisdictions.

There was a provision for taxation of RM18,639 despite the fact that the Group incurred losses for the twelve months period ended 30 April 2009 mainly due to tax losses on certain subsidiary companies that cannot be set-off against other companies within the Group.

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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. Purchase and disposal of 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 and utilisation of proceeds

There were no corporate proposals announced but not completed as at 26 June 2009, being the last practicable date for the issue of this report.

B8. Borrowings and debt securities

Save as disclosed below, the Group does not have any loan outstanding or created, convertible debt securities, mortgages or charges outstanding as at 30 April 2009.

Secured borrowings	Payable within 12 months	Payable after 12 months
Denominated in		
Malaysian Ringgit	2,393,184	9,341,177
Indonesia Rupiah	791,362,275 <i>(equivalent to RM264,315)</i>	40,359,281 <i>(equivalent to RM13,480)</i>

The above borrowings are in both the Malaysian and Indonesian currencies. 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 as at the date of this report.

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B10. Material litigation

On 22 January 2009, a wholly-owned subsidiary of the Company, Usape Nelson Wireless Sdn Bhd (“Usape” or “Plaintiff”) had serve a writ of summons and statement of claim amounting to RM19,916,823 to Macro Kiosk Berhad (“MKB” or “Defendant”) for breach of partnership agreement entered into between Usape and MKB dated 2 July 2004. On 10 March 2009, the Defendant has entered their statement of defence. The suit is currently in the stage of case management meeting. The Directors are of the opinion that the writ of summons and statement of claims is not expected to have any material financial and operating impact on the Group as at the date of this report.

Apart from the above, the Group is not engaged in any other material litigation, either as plaintiff or defendant, and the Directors do not have any knowledge of any other 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.

B12. Profit/ (loss) per share

The basic profit/ (loss) per share for the current quarter ended 30 April 2009 has been calculated based on the net profit/ (loss) for the period attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30.4.2009	Preceding year corresponding quarter 30.4.2008	Current year to-date 30.4.2009	Preceding year corresponding period 30.4.2008
Net profit/ (loss) for the period attributable to the ordinary equity holder of the Company (RM'000)	1,062	(7,474)	(6,747)	(8,632)
Weighted average number of ordinary shares in issue ('000)	415,800	415,430	415,800	415,430
Basic profit/ (loss) per share attributable to equity holders of the Company (sen)	0.26	(1.80)	(1.62)	(2.08)