

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

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 JULY 2009**

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009**

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)**

	NOTE	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31 JULY 2009 RM	PRECEDING YEAR CORRESPONDING QUARTER 31 JULY 2008 RM	CURRENT YEAR TO-DATE 31 JULY 2009 RM	PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2008 RM
Revenue		14,002,195	14,765,092	14,002,195	14,765,092
Operating expenses		(12,333,636)	(15,215,043)	(12,333,636)	(15,215,043)
<b>Profit/ (loss) from operations</b>		<b>1,668,559</b>	<b>(449,951)</b>	<b>1,668,559</b>	<b>(449,951)</b>
Depreciation and amortisation		(1,235,796)	(1,233,348)	(1,235,796)	(1,233,348)
Finance costs		(187,693)	(172,828)	(187,693)	(172,828)
Interest income		44,450	39,909	44,450	39,909
<b>Profit/ (loss) before taxation</b>		<b>289,520</b>	<b>(1,816,218)</b>	<b>289,520</b>	<b>(1,816,218)</b>
Taxation	B4	(5,422)	(193,428)	(5,422)	(193,428)
<b>Profit/ (loss) for the period</b>		<b>284,098</b>	<b>(2,009,646)</b>	<b>284,098</b>	<b>(2,009,646)</b>
Attributable to:					
Shareholders of the Company		104,654	(1,813,365)	104,654	(1,813,365)
Minority interest		179,444	(196,281)	179,444	(196,281)
<b>Profit/ (loss) for the period</b>		<b>284,098</b>	<b>(2,009,646)</b>	<b>284,098</b>	<b>(2,009,646)</b>
Profit/ (loss) per share attributable to the equity holders of the Company					
- Basic (sen)	B12	0.03	(0.44)	0.03	(0.44)
- 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 2009 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	AT 31 JULY 2009 (UNAUDITED) RM	AT 30 APRIL 2009 (AUDITED) RM
<b>Property, plant and equipment</b>	20,674,651	20,743,879
<b>Research and development expenditure</b>	10,678,043	10,410,470
<b>Investment in associate companies</b>	225,240	225,240
<b>Intangible asset</b>	2,052,563	2,292,325
<b>Goodwill on consolidation</b>	1,302,549	1,302,549
<b>Fixed deposits with a licensed bank</b>	538,503	538,503
<b>Amount due from associate company</b>	1,055,653	1,050,024
<b>Current assets</b>		
Trade and other receivables	55,160,194	36,758,652
Tax recoverable	640,697	1,091,195
Fixed deposits with a licensed bank	534,896	414,252
Cash and bank balances	5,699,924	13,549,552
	<u>62,035,711</u>	<u>51,813,651</u>
<b>Current liabilities</b>		
Trade and other payables	21,437,312	11,660,543
Amount due to associate company	244,320	240,760
Finance payables	467,542	523,649
Term loans	2,137,983	2,133,850
Tax payables	2,280	1,553
	<u>24,289,437</u>	<u>14,560,355</u>
<b>Net current assets</b>	37,746,274	37,253,296
	<u>74,273,476</u>	<u>73,816,286</u>
<b>Financed by:</b>		
<b>Capital and reserves</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	41,580,000	41,580,000
Reserves	1,627,379	1,065,574
Retained profit	19,463,234	19,358,580
	<u>62,670,613</u>	<u>62,004,154</u>
Minority interest	2,636,918	2,457,475
Total equity	65,307,531	64,461,629
<b>Finance payables</b>	775,115	820,433
<b>Term loans</b>	8,190,830	8,534,224
	<u>74,273,476</u>	<u>73,816,286</u>
<b>Net assets per share attributable to ordinary equity holders of the Company (sen)</b>	<u>15.07</u>	<u>14.91</u>

(The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the financial year ended 30 April 2009 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009**

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

<----- Attributable to Equity Holders of the Company ----->

	Non-Distributable			Distributable		Minority Interest RM	Total Equity RM
	Share Capital RM	Share Premium RM	Foreign exchange translation RM	Retained Profit RM	Total RM		
At 1 May 2009	41,580,000	5,558,840	(4,493,266)	19,358,580	62,004,154	2,457,475	64,461,629
Currency translation differences	-	-	561,805	-	561,805	-	561,805
Net income recognised directly in equity	41,580,000	5,558,840	(3,931,461)	19,358,580	62,565,959	2,457,475	65,023,434
Net profit for the year	-	-	-	104,654	104,654	179,443	284,097
At 31 July 2009	<u>41,580,000</u>	<u>5,558,840</u>	<u>(3,931,461)</u>	<u>19,463,234</u>	<u>62,670,613</u>	<u>2,636,918</u>	<u>65,307,531</u>
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	-	-	739,796	-	739,796	-	739,796
Net income recognised directly in equity	41,580,000	5,558,840	(4,123,668)	26,069,204	69,084,376	2,944,674	72,029,050
Net loss for the year	-	-	-	(1,813,365)	(1,813,365)	(196,281)	(2,009,646)
At 31 July 2008	<u>41,580,000</u>	<u>5,558,840</u>	<u>(4,123,668)</u>	<u>24,255,839</u>	<u>67,271,011</u>	<u>2,748,393</u>	<u>70,019,404</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 2009 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009**

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

	<b>CURRENT YEAR TO-DATE 31 JULY 2009</b>	<b>CUMULATIVE QUARTER PRECEDING YEAR CORRESPONDING PERIOD 31 JULY 2008</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Profit/ (loss) before taxation	289,520	(1,816,218)
Adjustments for non-cash flow:		
Non-cash items	1,201,794	1,467,261
Finance costs	187,693	172,828
Interest income	(44,450)	(39,909)
Operating profit/ (loss) before working capital changes	<u>1,634,557</u>	<u>(216,038)</u>
Changes in working capital:		
Net change in current assets	(18,327,169)	(158,912)
Net change in current liabilities	<u>9,700,326</u>	<u>4,833,102</u>
Cash (used in)/ generated from operations	<u>(6,992,286)</u>	<u>4,458,152</u>
Finance costs	(187,693)	(172,828)
Interest income	44,450	39,909
Income tax refund/ (paid)	445,803	(148,100)
<b>Net cash (used in)/ generated from operating activities</b>	<u>(6,689,726)</u>	<u>4,177,133</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(236,829)	(7,144,511)
Research and development expenditure paid	(507,295)	(517,198)
Proceeds from disposal of property, plant and equipment	147,255	-
<b>Net cash used in investing activities</b>	<u>(596,869)</u>	<u>(7,661,709)</u>
<b>Cash flows from financing activities</b>		
Drawdown of term loan	-	5,376,725
Repayment of finance payables	(249,517)	(112,139)
Repayment of term loans	(656,662)	(1,018,284)
<b>Net cash (used in)/ generated from financing activities</b>	<u>(906,179)</u>	<u>4,246,302</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(8,192,774)</u>	<u>761,726</u>
<b>Cash and cash equivalents at 1 May</b>	13,963,804	14,675,294
<b>Translation differences</b>	463,790	648,054
<b>Cash and cash equivalents at end of year</b>	<u><u>6,234,820</u></u>	<u><u>16,085,074</u></u>
<b>Cash and cash equivalents comprise of :-</b>		
Cash and bank balances	5,699,924	15,611,855
Fixed deposit with a licensed bank	534,896	522,545
Bank overdraft	-	(49,326)
	<u><u>6,234,820</u></u>	<u><u>16,085,074</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 2009 and the accompanying Notes to the Interim Financial Report on pages 5 to 11)

# NEXTNATION COMMUNICATION BERHAD

Company No. 660055-H  
(Incorporated in Malaysia)

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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 2009.

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 2009.

##### 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 2009.

##### 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.

**NEXTNATION COMMUNICATION BERHAD**

Company No. 66055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009****A6. Debts and equity securities**

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 profit before taxation of the Group for the financial year ended 31 July 2009 is 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>	5,980,749	8,021,446	-	14,002,195
<b>(Loss)/profit before tax</b>	(613,439)	902,959	-	289,520

**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 31 July 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

**NEXTNATION COMMUNICATION BERHAD**

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009**

**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>2,539,199</u>



**NEXTNATION COMMUNICATION BERHAD**

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009**

**ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING  
REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

**(a) Performance of the current quarter against the preceding quarter**

For the current quarter ended 31 July 2009, the Group recorded revenue of RM14.0 million as compared to RM14.8 million recorded in the previous quarter ended 30 April 2009. The Group's revenue decreased by 5.41% as a result of the current depressed global economic conditions. The reduction in spending by both the consumer market and also the telecommunication companies in the form of marketing and infrastructure has slightly hampered the Group's revenue generation.

The Group recorded a profit before taxation of RM0.29 million for the current quarter ended 31 July 2009 as compared to RM1.4 million recorded in the previous quarter ended 30 April 2009. The decrease in profit before taxation was mainly due to lower revenue generated, coupled with the slight increase in cost structure.

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

The Group's revenue of RM14.0 million in the current quarter ended 31 July 2009 represents a decrease of RM0.8 million as compared to RM14.8 million reported in the preceding year's corresponding quarter. The decrease of 5.41% in revenue was mainly attributed to the slight decrease in sales for the Company's products and services.

The Group recorded a profit before taxation of RM0.29 million in the current quarter ended 31 July 2009 as compared to a loss before taxation of RM1.8 million recorded for the preceding year corresponding quarter ended 31 July 2008. The improvement in financial performance was mainly attributable to major cost saving in this current quarter. Cost saving practice by the Group has resulted in decrease of administration expenses.

# NEXTNATION COMMUNICATION BERHAD

Company No. 66055-H  
(Incorporated in Malaysia)

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JULY 2009

### 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 of Nextnation continues to be concerned with these unprecedented challenges, especially the volatility of the global economy. However, 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, product 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
	31.7.2009 RM	31.7.2008 RM	31.7.2009 RM	31.7.2008 RM
Current period's provision	(5,422)	(193,428)	(5,422)	(193,428)
Overprovision	-	-	-	-
<b>Total</b>	<b>(5,422)</b>	<b>(193,428)</b>	<b>(5,422)</b>	<b>(193,428)</b>

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

There is minimal taxation despite the fact that the Group incurred losses for the period under review mainly due to tax losses on certain subsidiary companies that cannot be set-off against other companies within the Group.

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009****B5. Profit/ (loss) 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. 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 29 September 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 31 July 2009.

<b>Secured borrowings</b>	<b>Payable within 12 months</b>	<b>Payable after 12 months</b>
Denominated in		
Malaysian Ringgit	2,389,369	8,965,945
Indonesia Rupiah	607,350,379 <i>(equivalent to RM216,156)</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.

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2009**

**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 of Nextnation 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. The Group is not engaged in any other material litigation, either as plaintiff or defendant, and the Directors of Nextnation 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. Earnings/ (loss) per share**

The basic loss per share for the current quarter ended 31 July 2009 has been calculated based on the net 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 31.7.2009	Preceding year corresponding quarter 31.7.2008	Current year to-date 31.7.2009	Preceding year corresponding period 31.7.2008
Net profit/ (loss) for the period attributable to the ordinary equity holder of the Company (RM'000)	105	(1,813)	105	(1,813)
Weighted average number of ordinary shares in issue ('000)	415,800	415,800	415,800	415,800
Basic earnings/ (loss) per share attributable to equity holders of the Company (sen)	0.03	(0.44)	0.03	(0.44)