

**NEXTNATION COMMUNICATION BERHAD**

(Company No. 660055-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 JULY 2013**

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

|  | NOTE | INDIVIDUAL QUARTER                     |  | CUMULATIVE QUARTER                     |   |
|--|------|--|--|--|---|
|  |      | CURRENT YEAR QUARTER 31 JUL 2013<br>RM | PRECEDING YEAR CORRESPONDING QUARTER 31 JUL 2012<br>RM | CURRENT YEAR TO-DATE 31 JUL 2013<br>RM | PRECEDING YEAR CORRESPONDING PERIOD 31 JUL 2012<br>RM |
| Revenue  |      | 24,978,757                             | 16,607,339   | 24,978,757                             | 16,607,339  |
| Operating expenses   |      | (21,096,347)                           | (14,536,666)   | (21,096,347)                           | (14,536,666)  |
| <b>Profit from operations</b>                                      |      | <b>3,882,410</b>                       | <b>2,070,673</b>                                       | <b>3,882,410</b>                       | <b>2,070,673</b>                                      |
| Depreciation and amortisation                                      |      | (2,159,608)                            | (600,577)  | (2,159,608)                            | (600,577)   |
| Finance costs  |      | (304,042)                              | (89,491)   | (304,042)                              | (89,491)  |
| Interest income  |      | 4,798                                  | 14,798   | 4,798                                  | 14,798  |
| Gain on disposal of subsidiary company                             |      | -                                      | -  | -                                      | -   |
| <b>Profit before taxation</b>                                      |      | <b>1,423,557</b>                       | <b>1,395,403</b>                                       | <b>1,423,557</b>                       | <b>1,395,403</b>                                      |
| Taxation   | B4   | (13)                                   | (90,000)   | (13)                                   | (90,000)  |
| <b>Profit for the period</b>                                       |      | <b>1,423,544</b>                       | <b>1,305,403</b>                                       | <b>1,423,544</b>                       | <b>1,305,403</b>                                      |
| <b>Other comprehensive loss, net of tax</b>                        |      |  |  |  |   |
| Foreign currency translation                                       |      | 329,363                                | (1,057,328)  | 329,363                                | (1,057,328)   |
| <b>Total comprehensive income for the period, net of tax</b>       |      | <b>1,752,907</b>                       | <b>248,075</b>   | <b>1,752,907</b>                       | <b>248,075</b>  |
| <b>Profit for the period attributable to:</b>                      |      |  |  |  |   |
| Equity holders of the Company                                      |      | 1,525,244                              | 1,270,992  | 1,525,244                              | 1,270,992   |
| Non-controlling interests  |      | (101,700)                              | 34,411   | (101,700)                              | 34,411  |
| <b>Profit for the period</b>                                       |      | <b>1,423,544</b>                       | <b>1,305,403</b>                                       | <b>1,423,544</b>                       | <b>1,305,403</b>                                      |
| <b>Total comprehensive (loss)/income attributable to:</b>          |      |  |  |  |   |
| Equity holders of the Company                                      |      | 1,693,771                              | 1,190,754  | 1,693,771                              | 1,190,754   |
| Non-controlling interests  |      | 59,136                                 | (942,679)  | 59,136                                 | (942,679)   |
| <b>Total comprehensive income for the period</b>                   |      | <b>1,752,907</b>                       | <b>248,075</b>   | <b>1,752,907</b>                       | <b>248,075</b>  |
| Earnings per share attributable to equity holders of the Company:- |      |  |  |  |   |
| - Basic (sen)  | B13  | 0.33                                   | 0.21   | 0.28                                   | 0.21  |
| - Diluted (sen)  |      | 0.29                                   | -  | 0.20                                   | -   |

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 April 2013 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 14)

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | AT<br>31 JUL 2013<br>(UNAUDITED)<br>RM | AT<br>30 APRIL 2013<br>(AUDITED)<br>RM |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| <b>Non-current assets</b>  |  |  |
| Property, plant and equipment  | 11,338,213                             | 11,754,506                             |
| Land held for property development   | 19,217,214                             | 19,217,214                             |
| Research and development expenditure   | 4,101,693                              | 4,330,849                              |
| Intangible assets  | 24,699,168                             | 26,137,446                             |
| Goodwill on consolidation  | -                                      | -                                      |
| Total non-current assets   | <u>59,356,288</u>                      | <u>61,440,015</u>                      |
| <b>Current assets</b>  |  |  |
| Trade and other receivables  | 74,724,950                             | 66,674,236                             |
| Amount due from associate company  | 2,195,477                              | 2,450,643                              |
| Tax recoverable  | 3,318                                  | 3,877                                  |
| Assets held for sale   | 5,924,375                              | 5,840,488                              |
| Fixed deposits with a licensed bank  | 616,801                                | 616,801                                |
| Cash and bank balances   | 3,150,359                              | 3,789,356                              |
| Total current assets   | <u>86,615,280</u>                      | <u>79,375,401</u>                      |
| <b>Total assets</b>  | <u><u>145,971,568</u></u>              | <u><u>140,815,416</u></u>              |
| <b>EQUITY AND LIABILITIES</b>  |  |  |
| <b>EQUITY</b>  |  |  |
| <b>Equity attributable to owners of the parent:</b>                                      |  |  |
| Share capital  | 65,405,340                             | 65,405,340                             |
| Reserves   | 6,015,869                              | 8,636,996                              |
| Retained earnings  | 35,199,261                             | 33,674,017                             |
|  | <u>106,620,470</u>                     | <u>107,716,353</u>                     |
| Non-controlling interests  | (973,579)                              | (1,032,715)                            |
| <b>Total equity</b>  | <u><u>105,646,891</u></u>              | <u><u>106,683,638</u></u>              |
| <b>LIABILITIES</b>   |  |  |
| <b>Non-current liabilities</b>   |  |  |
| Finance lease payables   | 370,105                                | 384,884                                |
| Term loans   | 16,089,669                             | 16,296,315                             |
| Retirement benefits  | -                                      | -                                      |
| Total non-current liabilities  | <u>16,459,774</u>                      | <u>16,681,199</u>                      |
| <b>Current liabilities</b>   |  |  |
| Trade and other payables   | 18,768,971                             | 12,476,099                             |
| Amount due to associate company  | -                                      | -                                      |
| Finance lease payables   | 124,633                                | 127,898                                |
| Term loans   | 1,435,199                              | 1,498,753                              |
| Liabilities directly associate with assets held for sale                                 | 1,986,337                              | 1,903,685                              |
| Bank overdraft   | 1,549,763                              | 1,444,144                              |
| Total current liabilities  | <u>23,864,903</u>                      | <u>17,450,579</u>                      |
| <b>Total liabilities</b>   | <u><u>40,324,677</u></u>               | <u><u>34,131,778</u></u>               |
| <b>Total equity and liabilities</b>  | <u><u>145,971,568</u></u>              | <u><u>140,815,416</u></u>              |
| <b>Net assets per share attributable to ordinary equity holders of the Company (sen)</b> | <u><u>16.30</u></u>                    | <u><u>16.47</u></u>                    |

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 April 2013 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 14)

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

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

|  | ----- Attributable to owners of the parent -----> |                     |                     |                           |                         |                    |                    | Non-controlling<br>interests<br>RM | Total equity<br>RM |
|--|---|---------------------|---------------------|---------------------------|-------------------------|--------------------|--------------------|------------------------------------|--------------------|
|  | Non-Distributable                                 |                     |                     | Distributable             |                         |                    |                    |                                    |                    |
|  | Share capital<br>RM                               | Share premium<br>RM | Warrants<br>reserve | Translation reserve<br>RM | Retained earnings<br>RM | Total<br>RM        |                    |                                    |                    |
| At 1 May 2013  | 65,405,340  | 4,551,441           | 4,380,405           | (294,850)                 | 33,674,017              | 107,716,353        | (1,032,715)        | 106,683,638                        |                    |
| Transaction with owners:                               |   |                     |                     |                           |                         |                    |                    |                                    |                    |
| - Issue of ordinary shares                             | -   | (90,900)            | -                   | -                         | -                       | (90,900)           | -                  | (90,900)                           |                    |
| - Issue of warrants                                    | -   | -                   | -                   | -                         | -                       | -                  | -                  | -                                  |                    |
| Total transactions with owners                         | -   | (90,900)            | -                   | -                         | -                       | (90,900)           | -                  | (90,900)                           |                    |
| Foreign currency translation                           | -   | -                   | -                   | (2,530,227)               | -                       | (2,530,227)        | 160,836            | (2,369,391)                        |                    |
| Profit for the financial period                        | -   | -                   | -                   | -                         | 1,525,244               | 1,525,244          | (101,700)          | 1,423,544                          |                    |
| Total comprehensive income for<br>the financial period | -   | -                   | -                   | (2,530,227)               | 1,525,244               | (1,004,983)        | 59,136             | (945,847)                          |                    |
| At 31 Jul 2013   | <u>65,405,340</u>                                 | <u>4,460,541</u>    | <u>4,380,405</u>    | <u>(2,825,077)</u>        | <u>35,199,261</u>       | <u>106,620,470</u> | <u>(973,579)</u>   | <u>105,646,891</u>                 |                    |
| At 1 May 2012  | 45,738,000  | 6,182,540           | -                   | (6,889,492)               | 32,975,989              | 78,007,037         | (4,975)            | 78,002,062                         |                    |
| Transaction with owners:                               |   |                     |                     |                           |                         |                    |                    |                                    |                    |
| - Issue of ordinary shares                             | 13,721,400  | 3,016,863           | -                   | -                         | -                       | 16,738,263         | -                  | 16,738,263                         |                    |
| - Issue of warrants                                    | -   | -                   | 4,380,405           | -                         | (4,380,405)             | -                  | -                  | -                                  |                    |
| Total transactions with owners                         | 13,721,400  | 3,016,863           | 4,380,405           | -                         | (4,380,405)             | 16,738,263         | -                  | 16,738,263                         |                    |
| Foreign currency translation                           | -   | -                   | -                   | 4,376,329                 | -                       | 4,376,329          | (1,058,689)        | 3,317,640                          |                    |
| Profit for the financial period                        | -   | -                   | -                   | -                         | 1,270,992               | 1,270,992          | 34,411             | 1,305,403                          |                    |
| Total comprehensive income for<br>the financial period | -   | -                   | -                   | 4,376,329                 | 1,270,992               | 5,647,321          | (1,024,278)        | 4,623,043                          |                    |
| At 31 Jul 2012   | <u>59,459,400</u>                                 | <u>9,199,403</u>    | <u>4,380,405</u>    | <u>(2,513,163)</u>        | <u>29,866,576</u>       | <u>100,392,621</u> | <u>(1,029,253)</u> | <u>99,363,368</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 2013 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 14)

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

|   | CUMULATIVE QUARTER                     |   |
|---|--|---|
|   | CURRENT YEAR<br>TO-DATE<br>31 JUL 2013 | PRECEDING YEAR<br>CORRESPONDING PERIOD<br>31 JUL 2012 |
|   | RM                                     | RM  |
| <b>Cash flows from operating activities</b>         |  |   |
| Profit before taxation                              | 1,423,557                              | 1,395,403   |
| Adjustments for non-cash flow:                      |  |   |
| Non-cash items                                      | 2,672,731                              | 600,577   |
| Finance costs                                       | 304,042                                | 89,412  |
| Interest income                                     | (4,798)                                | (14,798)  |
| Operating profit before working capital changes     | <u>4,395,533</u>                       | <u>2,070,594</u>                                      |
| Changes in working capital:                         |  |   |
| Net change in current assets                        | (8,058,839)                            | (2,465,969)   |
| Net change in current liabilities                   | 3,641,654                              | 795,865   |
| Cash generated from operations                      | <u>(21,652)</u>                        | <u>400,490</u>  |
| Interest paid                                       | (304,042)                              | (149,382)   |
| Income tax refund                                   | 989                                    | 2,266   |
| <b>Net cash from operating activities</b>           | <u>(324,705)</u>                       | <u>253,374</u>  |
| <b>Cash flows from investing activities</b>         |  |   |
| Purchase of property, plant and equipment           | -                                      | (15,227)  |
| Purchase of intangible assets                       | -                                      | (16,235,921)  |
| Advance to associates                               | 277,876                                |   |
| <b>Net cash used in investing activities</b>        | <u>277,876</u>                         | <u>(16,251,148)</u>                                   |
| <b>Cash flows from financing activities</b>         |  |   |
| Proceeds from issuance of shares                    | -                                      | 16,738,263  |
| Payment of listing expenses                         | (90,900)                               | -   |
| Interest received                                   | 4,798                                  | 14,798  |
| Repayment of finance lease payables                 | (36,354)                               | (105,094)   |
| Repayment of term loans                             | (610,820)                              | (224,180)   |
| <b>Net cash from/(used in) financing activities</b> | <u>(733,276)</u>                       | <u>16,423,787</u>                                     |
| <b>Net decrease in cash and cash equivalents</b>    | (780,106)                              | 426,013   |
| <b>Cash and cash equivalents at 1 May</b>           | 3,523,248                              | 2,873,380   |
| <b>Translation differences</b>                      | 35,489                                 | 16,121  |
| <b>Cash and cash equivalents at end of period</b>   | <u>2,778,631</u>                       | <u>3,315,514</u>                                      |
| <b>Cash and cash equivalents comprise of :-</b>     |  |   |
| Cash and bank balances                              | 3,150,359                              | 4,771,027   |
| Bank overdraft                                      | (1,549,763)                            | (1,455,513)   |
|   | <u>1,600,596</u>                       | <u>3,315,514</u>                                      |
| Asset classified as held for sale                   | 1,178,035                              | -   |
|   | <u>2,778,631</u>                       | <u>3,315,514</u>                                      |

(The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 30 April 2013 and the accompanying Notes to the Unaudited Interim Financial Report on pages 5 to 14)

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Company No. 660055-H  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

**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 MFRS 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 2013.

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 2013.

**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 2013.

**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. 660055-H

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

**A6. Debts and equity securities**

There were no issuance, repurchase, cancellation, resale, and repayment of debt and equity securities of the Company from the last financial year ended 30 April 2013 to current quarter under review except for the following:-

- (a) On 14 January 2013 and supplemented on 8 March 2013, 12 March 2013, 2 April 2013, proposed renounceable rights issue up to 564,102,000 rights shares together with up to 338,461,200 free detachable warrants (“Warrants-B”) at an issue price of RM0.11 per rights share on the basis of two (2) rights shares for every three (3) existing ordinary shares of RM0.10 each in Company together with three (3) free Warrant-B for every five (5) rights shares subscribed, which adjusted on 27 June 2013.

On 27 June 2013 and supplemented on 29 August 2013, proposed renounceable rights issue of up to 608,806,200 new ordinary shares of RM0.10 each (“NCB Shares”) (“Rights Shares”) together with up to 304,403,100 free detachable warrants (“Warrants”) at an issue price of RM0.10 per Rights Share on the basis of two (2) Rights Shares together with one (1) free Warrant for every four (4) existing NCB Shares held, based on a minimum subscription level of 120,000,000 Rights Shares together with 60,000,000 free Warrants, on an entitlement date to be determined and announced later.

Bank Negara Malaysia has via its letter dated 28 June 2013 given its approval to the Company to issue the warrants to non-residents shareholders of the Company pursuant to the proposed renounceable rights issue.

Bursa Securities has via its letter dated 28 August 2013 approved the Rights Shares and Warrants.

**A7. Dividend paid**

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

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013****A8. Segmental information**

The segmental analysis of revenue and profit before taxation of the Group for the financial period ended 31 July 2013 is tabulated below:

| <b>Segment</b>                    | <b>Malaysia<br/>RM</b> | <b>Other Countries<br/>RM</b> | <b>Elimination<br/>RM</b> | <b>Total<br/>RM</b> |
|-----------------------------------|------------------------|-------------------------------|---------------------------|---------------------|
| <b>Revenue</b>                    | 12,522,129             | 12,543,459                    | (86,831)                  | 24,978,757          |
| <b>Profit before<br/>taxation</b> | 1,583,563              | (160,006)                     | -                         | 1,423,557           |

**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**

(a) As at 26 September 2013, being the latest practicable date of this Report, there are no material events subsequent to the quarter ended 31 July 2013 except:

- (i) On 12 September 2013, a wholly-owned subsidiary of the Company, Nextnation Network Sdn. Bhd. had entered into a Sales and Purchase Agreement with Ng Kim Cheong and Chin Chze Yin to dispose of one (1) unit of five (5) storey shop-offices (with individual lift) for a total consideration of RM2.1 million. This disposal is pending for completion.



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Company No. 660055-H

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

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

Other than as disclosed below, there were no changes in the composition of the Group during the financial year as at 30 April 2013.

**a) Disposal of 100% equity interest in Vinamob Venture Company Limited (“Vinamob”)**

On 16 July 2012, Godynamic Investments Limited (“GIL”), a subsidiary of Nextnation had entered into a Letter of Intent to dispose its 100% equity interest, representing 100,000 ordinary shares of Vinamob to Lifenote Inc. (“Lifenote”) for a total consideration of USD200,000 (RM626,000). On 16 November 2012, GIL had entered into a Share Sale Agreement (“SSA”) with Lifenote to dispose off the entire shares held in the capital of Vinamob. This disposal is pending for completion.

**b) Disposal of 60% equity interest in Elasitas Technologies Limited (“ETL”)**

On 29 April 2013, GIL had entered into a SSPA to dispose its 60% equity interest, representing 57 ordinary shares of ETL to True Accurate Limited for a total consideration of RM7.97 million. This disposal is pending for completion.

**A12. Contingent assets or liabilities**

Save as disclosed below, the Company does not have any contingent assets or liabilities as at 26 September 2013.

|   | RM                |
|---|-------------------|
| <u>Contingent liability :</u>                       |                   |
| Corporate guarantee granted to a subsidiary company | <u>17,524,868</u> |

**A13. Capital commitments**

There were no capital commitments as at 26 September 2013.

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

**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 2013, the Group recorded revenue of RM25.0 million as compared to RM26.5 million which recorded in the previous quarter ended 30 April 2013. The Group's revenue decreased by 5.7% as a result of slight decrease in sales of the Company's products and services.

The Group recorded a profit before taxation of RM1.4 million for the current quarter ended 31 July 2013 as compared to profit before taxation of RM1.9 million recorded in the previous quarter ended 30 April 2013. The decrease in profit before taxation was mainly contributed by gain on disposal of assets and liabilities held for sale amounted to RM2.0 million.

**(b) Performance of the financial year-to-date against preceding year corresponding period**

The Group's revenue of RM25.0 million in the current 3-month financial period ended 31 July 2013 as compared to RM16.6 million reported in the previous year corresponding period. The Group's revenue increased by 50.6% was mainly due to the drastic increase in sales of the Group's products and services.

The Group recorded a profit before taxation of RM1.4 million in the current 3-month financial period ended 31 July 2013 as compared to RM1.4 million reported in the previous year corresponding period.

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

The Group's revenue of RM25.0 million in the current 3-month financial period ended 31 July 2013 as compared to RM16.6 million reported in the previous year corresponding period. The Group's revenue increased by 50.6% was mainly due to the drastic increase in sales of the Group's products and services.

The Group recorded a profit before taxation of RM1.4 million in the current 3-month financial period ended 31 July 2013 as compared to RM1.4 million reported in the previous year corresponding period.

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013**

**B2. Current year's prospect**

The Group is principally engaged in programming services, software development, internet consulting, provision of information technology services, development and distribution of retail mobile application solutions and provision of multiple gateways for technology enabling and content provisioning.

The Group had in November 2012, successfully launched an IP-based network delivery solution as a key component of its Consumer Content Application/Corporate Mobile Application modules (CCAM/CMAM). With the wide adoption of cloud technology and higher demand of data consumption, the Group is well-positioned to take advantage of opportunities for growth in both the local and international markets such as the Southeast Asian region, as smartphone penetration rates continue to grow in the region following the increasing consumption of data services.

In addition, the Outsourcing Agreement with the guaranteed revenue of USD22.5 million or equivalent to approximately RM67.68 million over a period of three (3) years starting in November 2012 from Inovisi, the Planned Development of the Cyberjaya Land, which is expected to generate gross development profits of approximately RM70.00 million as well as the acquisition of the Boutique Building which was substantially paid for via the issuance of new NCB Shares and warrants are all expected to drive the Group's revenue and profitability in the future.

Premised on the above, the Board is cautiously optimistic that the prospects of the Group would be satisfactory in the near future.

**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 as at 26 September 2013.

**NEXTNATION COMMUNICATION BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013****B4. Profit before tax is stated after charging/(crediting):**

|   | Quarter ended<br>31.7.2013<br>RM | Year to<br>date<br>31.7.2013<br>RM |
|---|----------------------------------|------------------------------------|
| Amortisation of development expenditure       | 229,157                          | 229,157                            |
| Amortisation of intangible assets             | 1,438,278                        | 1,438,278                          |
| Depreciation of property, plant and equipment | 492,174                          | 492,174                            |
| Gain on disposal of asset held for sale       | -                                | -                                  |
| Gain on disposal of property, plant equipment | -                                | -                                  |
| Gain or loss on derivatives                   | -                                | -                                  |
| Impairment of assets                          | -                                | -                                  |
| Interest expense                              | 304,042                          | 304,042                            |
| Interest income                               | (4,798)                          | (4,798)                            |
| Provision for and write off of receivables    | -                                | -                                  |
| Provision for and write off of inventories    | -                                | -                                  |
| Realised gain on foreign exchange             | (438,636)                        | (438,636)                          |

**B5. Taxation**

|                            | Individual Quarter   |                                      | Cumulative Quarter   |                                     |
|----------------------------|----------------------|--------------------------------------|----------------------|-------------------------------------|
|                            | Current year quarter | Preceding year corresponding quarter | Current year to-date | Preceding year corresponding period |
|                            | 31.7.2013<br>RM      | 31.7.2012<br>RM                      | 31.7.2013<br>RM      | 31.7.2012<br>RM                     |
| Current period's provision | 13                   | -                                    | 13                   | -                                   |
| Under provision            | -                    | (90,000)                             | -                    | (90,000)                            |
| <b>Total</b>               | <b>13</b>            | <b>(90,000)</b>                      | <b>13</b>            | <b>(90,000)</b>                     |

**B6. Status of corporate proposals and utilisation of proceeds**

- (a) As at 26 September 2013, being the latest practicable date of this Report, there were no other corporate proposals announced by the Company and completion except below.

**NEXTNATION COMMUNICATION BERHAD**

Company No. 660055-H

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013****B6. Status of corporate proposals and utilisation of proceeds (cont'd)**

(b) The Company had proposed the following:

- (i) Renounceable rights issue up to 608,806,200 rights shares together with up to 304,403,100 Warrants at an issue price of RM0.10 per rights share on the basis of two (2) Rights Shares together with one (1) free Warrant for every four (4) existing NCB Shares held, based on a minimum subscription level of 120,000,000 Rights Shares together with 60,000,000 free Warrants, on an entitlement date to be determined and announced later.

The details of the proposed utilisation of the proceeds raised from the Rights Issue is as follows:

|  | <b>Minimum<br/>scenario<br/>RM'000</b> | <b>Maximum<br/>scenario<br/>RM'000</b> | <b>Expected time<br/>frame for<br/>utilisation of<br/>proceeds (from<br/>the date of<br/>listing of the<br/>Rights Shares)</b> |
|--|--|--|--|
| Part finance the property development cost                       | 11,300                                 | 40,000                                 | Within 36 months   |
| Acquisition of new businesses                                    | -                                      | 18,578                                 | Within 24 months   |
| Working capital purposes   | -                                      | 1,603                                  | Within 18 months   |
| Estimated expenses in relation to the Proposed Private Placement | 700                                    | 700                                    | Within 6 months  |
| <b>Total proceeds</b>  | <b>12,000</b>                          | <b>60,881</b>                          |  |

**NEXTNATION COMMUNICATION BERHAD**Company No. 660055-H  
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013****B7. 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 2013.

| Secured borrowings                   | Payable within 12 months | Payable after 12 months |
|--------------------------------------|--------------------------|-------------------------|
| Denominated in:<br>Malaysian Ringgit | 1,559,832                | 16,459,774              |

The above borrowings are in the Malaysian 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.

**B8. Off balance sheet financial instruments**

The Group does not have any off balance sheet financial instruments as at 26 September 2013.

**B9. Realised and unrealised profits**

|   | As at<br>31.7.2013<br>RM | As at<br>31.07.2012<br>RM |
|---|--------------------------|---------------------------|
| Total accumulated profits/losses of the Company and its subsidiary companies: |                          |                           |
| - Realised  | 36,685,033               | 12,340,873                |
| - Unrealised  | (510,972)                | (467)                     |
|   | 36,174,061               | 12,340,406                |
| Total share of accumulated losses from the associate company:                 |                          |                           |
| - Realised  | (1,359,019)              | (3,249,325)               |
|   | 34,815,042               | 9,091,081                 |
| Less: Consolidation adjustments   | 384,219                  | -                         |
| Total retained earnings as per Consolidated Statements of Financial Position  | <u>35,199,261</u>        | <u>9,091,081</u>          |

**NEXTNATION COMMUNICATION BERHAD**Company No. 660055-H  
(Incorporated in Malaysia)**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER  
ENDED 31 JULY 2013****B10. Material litigation**

There is no material litigation as at 26 September 2013.

**B11. Dividend**

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

**B12. Earnings per share****(a) Basic**

Basic profit per shares is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

|   | <b>Current<br/>Quarter</b> | <b>Current<br/>Year to date</b> |
|---|----------------------------|---------------------------------|
| Profit attributable to ordinary equity holders<br>of the Company (RM) | 1,525,244                  | 1,525,244                       |
| Weighted average number of shares                                     | 459,563,804                | 545,337,315                     |
| Basic profit per shares (sen)   | 0.33                       | 0.28                            |

**(b) Diluted**

Diluted profit per shares is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue and issuable during the period.

|  | <b>Current<br/>Quarter</b> | <b>Current<br/>Year to date</b> |
|--|----------------------------|---------------------------------|
| Profit attributable to ordinary equity holders<br>of the Company (RM)        | 1,525,244                  | 1,525,244                       |
| Weighted average number of shares  | 459,563,804                | 545,337,315                     |
| Effects of dilution in outstanding warrants                                  | 61,339,044                 | 221,696,370                     |
| Adjusted weighted average number of<br>ordinary shares in issue and issuable | 520,902,848                | 767,033,685                     |
| Diluted profit per shares (sen)  | 0.29                       | 0.20                            |