

**ISS CONSULTING SOLUTIONS BERHAD (“ISS”)  
QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2007**

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS  
 (“FRS”) 134**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2006.

The accounting policies and methods of computation adopted by the ISS and its subsidiaries (‘Group’) are consistent with those adopted in the preparation of the financial statements for the financial year ended 31 December 2006.

**A2. Auditors’ Report**

The auditors’ report on the financial statements of the Company for the financial year ended 31 December 2006 was not subject to any qualification.

**A3. Translation of Foreign Currency Financial Statements**

For consolidation purposes, all foreign currency monetary assets and liabilities and the financial statements of the Group’s foreign subsidiaries, ISS Consulting (S) Pte Ltd, ISS Consulting (Thailand) Ltd. and PT ISS Consulting Indonesia had been translated at the exchange rates ruling at the balance sheet date.

The applicable closing foreign exchange rates used (expressed on the basis on one unit of foreign currency to Ringgit Malaysia equivalent, unless otherwise stated) in the translation of foreign currency monetary assets and liabilities and the financial statements of the foreign subsidiaries are as follows:-

	<b>RM</b>
Singapore Dollar	2.2878
100 Thai Baht	9.8413
100 Indonesian Rupiah	0.03848
United Stated Dollar	3.4988

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS  
("FRS") 134 (CONT'D)**

**A4. Seasonal or Cyclical Factors**

The operations of the Group are not affected by any significant seasonal or cyclical factor during the financial quarter under review.

**A5. Unusual Items**

There were no items affecting the assets, liabilities, equity, net income or cash flows that are unusual by reason of their nature, size or incidence during the financial quarter under review.

**A6. Changes in Estimates**

There were no material changes in the nature and amount of estimates reported that have a material effect in the financial quarter under review.

**A7. Changes in Debts and Securities**

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

**A8. Dividend Paid**

No dividend was paid or proposed during the financial quarter under review.

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134 (CONT’D)**

**A9. Segmental Reporting**

The Group is engaged in the provision of project management, consulting and programming services primarily related to mySAP products as well as in sale of its XPress suite of products. The business segments can be broken down as follows:-

**(a) Analysis of Revenue by Products and Services**

	<b>Product RM’000</b>	<b>Services RM’000</b>	<b>Total RM’000</b>
Revenue	2,507	4,644	7,151
Cost of sales	(1,732)	(2,350)	(4,082)
Gross profit	<u>775</u>	<u>2,294</u>	3,069
Other operating income			<u>64</u>
			3,133
Administrative expenses			(2,188)
Marketing and distribution cost			(18)
Other operating expenses			(160)
Finance costs			(12)
Profit before taxation			<u>755</u>
Taxation			(238)
Profit attributable to shareholders			<u>517</u>
			<b>Total RM’000</b>
<b>Segment assets</b>			
Unallocated assets			<u>44,013</u>
<b>Segment liabilities</b>			
Unallocated liabilities			<u>6,508</u>
<b>Capital expenditure</b>			
Unallocated capital expenditure			<u>232</u>
<b>Depreciation</b>			
Unallocated depreciation			<u>90</u>

Operating expenses incurred by the Group could not be allocated to the individual segment as the expenses were incurred in a pool to generate revenue.

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134 (CONT’D)**

**A9. Segmental Reporting (continued)**

**(b) Analysis of Revenue by Geographical Area**

				<b>Cumulative For the Quarter RM’000</b>
<b>Revenue</b>				
Malaysia				1,514
Singapore				2,500
Thailand				1,196
Indonesia				1,676
China				265
				<hr/> 7,151 <hr/>
	<b>Segment assets RM’000</b>	<b>Segment liabilities RM’000</b>	<b>Capital expenditure RM’000</b>	<b>Depreciation RM’000</b>
Malaysia	27,299	2,615	141	51
Singapore	6,886	2,128	-	6
Thailand	2,921	546	85	4
Indonesia	6,927	1,219	6	29
	<hr/> 44,033 <hr/>	6,508	232	90 <hr/>

**A10. Valuation of Property, Plant and Equipment**

The Group does not have any revaluation of property, plant and equipment for the financial quarter under review.

**A11. Significant Events Subsequent To The End of The Financial Quarter**

There are no significant events subsequent to the end of the financial quarter.

**A12. Changes in the Composition of The Group**

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

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS  
("FRS") 134 (CONT'D)**

**A13. Contingent Liabilities or Contingent Assets**

The Group has no contingent liabilities or contingent assets at the date of this report.

**A14. Capital Commitments**

There were no material capital commitments of the Group at the date of this report, except as follows:

Capital expenditure approved and contracted for	RM'000
	900
	=====

**A15. Significant Related Party Transactions**

There were no related party transactions at the date of this report.

**ISS CONSULTING SOLUTIONS BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2007 (CONT'D)**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET**

**B1. Review of Performance**

There are no comparative figures for the corresponding previous quarter as the Company was listed on the MESDAQ Market of Bursa Securities on 2 August 2006 and its' first announcement of results was released in August 2006 in respect of the Quarter ended 30 June 2006.

For the purpose of comparison only, we set out below the unaudited results achieved in the corresponding previous quarter:-

	<b>Current Quarter Ended 31 Mar 07</b>	<b>Corresponding Quarter Ended 31 Mar 06 (Proforma)</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	7,151	4,375
Profit / (Loss) before tax	755	(109)

For the current financial quarter under review, the Group reported a revenue of RM7,151,000 and profit before tax of RM755,000. This is an increase of RM2,776,000 (63%) in revenue and, a turnaround from a loss before tax of RM109,000 to a profit before tax of RM755,000, from the corresponding previous quarter. The improvement in results is due to higher revenue growth in Malaysia, Singapore and Thailand.

**B2. Material Changes In The Quarterly Results Compared To The Results of The Preceding Quarter**

	<b>Current Quarter Ended 31 Mar 07 RM'000</b>	<b>Immediate Preceding Quarter Ended 31 Dec 06 RM'000</b>
Revenue	7,151	8,241
Profit before tax	755	1,089

Revenue reduced by RM1,090,000 (13%) in the current quarter compared to the immediate preceding quarter, whilst profit before tax has decreased by RM334,000 (31%). In line with previous trends, product sales is generally slower in the first quarter of the financial year.

The higher level of revenue in the final quarter of the previous financial year is due to higher level of product sales and the achievement of billable milestones of certain projects which started in the preceding quarters.

**ISS CONSULTING SOLUTIONS BERHAD**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2007 (CONT'D)**

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET (cont'd)**

**B3. Prospects For The Financial Year Ending 31 December 2007**

The Group is intensifying its marketing efforts to build an even stronger presence both in the local as well as in the regional markets. Stemming from these efforts, and barring unforeseen circumstances, the Board expects positive growth in the Group for the financial year ending 31 December 2007.

At the same time, the acquisition of Ledge Consulting Pte Ltd ('Ledge Consulting'), which is subject to the approval of the relevant authorities, will, upon completion, add further to the Group's earnings.

**B4. Taxation**

The effective tax rate for the current quarter is at 31% and is higher than the immediate preceding quarter due to a higher profit contribution from Singapore and Thailand operations.

**B5. Sale of Unquoted Investments and/or Properties**

There were no disposals of unquoted investments and/or properties during the financial quarter under review.

**B6. Quoted Securities**

There were no acquisitions or disposals of quoted securities during the financial quarter under review. The Company does not hold any quoted securities as at 31 March 2007.

**B7. Status of Corporate Proposals**

On 24 January 2007, the Company announced that it had entered into a conditional share purchase agreement to acquire 200,000 ordinary shares of SGD1.00 each in Ledge Consulting representing the entire equity interest therein for an indicative purchase consideration of RM16,877,100 to be satisfied by a cash consideration of SGD3.57 million (equivalent to RM8,139,600) and the issue of 37.5 million ordinary shares of RM0.10 each in the Company at an issue price of RM0.233 per share. The acquisition is pending approval by the relevant authorities.

**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET (CONT'D)**

**B8. Status of Utilisation of Proceeds**

The proceeds from the Company's Initial Public Offering ("IPO") of RM16,877,240 have been received by the Company during the previous quarter. Details of the utilisation of the IPO proceeds up to the end of the current financial quarter are as follows:-

Purpose	Proposed utilisation	Actual utilisation	Amount not utilised	Approved timeframe for utilisation
	RM	RM	RM	
Working capital	10,377,240	3,203,000	7,174,240	July 2008
R&D expenditure	5,000,000	3,819,240	1,180,760	July 2009
Listing expenses	1,500,000	1,500,000	-	
	<u>16,877,240</u>	<u>8,522,240</u>	<u>8,355,000</u>	

**B9. Group's Borrowings and Debt Securities**

The Group's borrowings at the end of the financial quarter are as follows:-

Secured	Repayable less than 12 months	Repayable after 12 months
	RM'000	RM'000
Denominated in RM	265	104
Denominated in SGD	15	42
Hire purchase and Lease payables	<u>280</u>	<u>146</u>

**B10. Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk at the date of this report.

**B11. Material Litigations**

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group at the date of this report.

**B12. Dividends**

No dividend was paid or declared during the financial quarter under review.



**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MESDAQ MARKET (CONT'D)**

**B13. Earnings Per Share**

The earnings per share were calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares of RM0.10 each during the reporting period as follows:-

	Current Quarter Ended		Cumulative Quarter Ended	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Profit attributable to shareholders (RM'000)	517	N/A	517	N/A
Weighted average number of ordinary shares of RM0.10 each for computing earnings per share are as follows:-				
Basic ('000)	218,377	N/A	218,377	N/A
Diluted ('000)	N/A	N/A	N/A	N/A
Basic earnings per share (sen)	0.24	N/A	0.24	N/A
Diluted earnings per share (sen) ^	N/A	N/A	N/A	N/A

Notes:

^ - No diluted earnings per share has been computed as the Group presently does not have any potential dilutive effects.

N/A - Not applicable

**B14. Authorization for Issue**

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 25 May 2007.

By order of the Board  
ISS CONSULTING SOLUTIONS BERHAD

Mah Li Chen (MAICSA 7022751)  
Lim Siew Ting (MAICSA 7029466)  
Company Secretaries

Dated this 25 May 2007