

**ISS CONSULTING SOLUTIONS BERHAD (“ISS”)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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 except for the adoption of the following new FRSs that are effective for the financial periods beginning on or after 1 October 2006 and will be effective for the Company’s financial statements for the financial year ended 31 December 2007:

FRS 117	Leases	FRS 124	Related Party Disclosures
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The adoption of the above FRS does not have any significant financial impact on the Group.

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 in the translation of foreign currency monetary assets and liabilities and the financial statements of the foreign subsidiaries are as follows:-

Foreign currency	RM
Singapore Dollar	2.2637
100 Thai Baht	9.8700
100 Indonesian Rupiah	0.03820
United States Dollar	3.4576

**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

	Product RM’000	Services RM’000	Total RM’000
Revenue	6,334	8,847	15,181
Cost of sales	(4,076)	(4,874)	(8,950)
Gross profit	<u>2,258</u>	<u>3,973</u>	6,231
Other operating income			114
			<u>6,345</u>
Administrative expenses			(4,452)
Marketing and distribution cost			(56)
Other operating expenses			(203)
Finance costs			(26)
Profit before taxation			<u>1,608</u>
Taxation			(355)
Profit attributable to shareholders			<u>1,253</u>
			Total RM’000
Segment assets			
Unallocated assets			<u>44,206</u>
Segment liabilities			
Unallocated liabilities			<u>5,830</u>
Capital expenditure			
Unallocated capital expenditure			<u>435</u>
Depreciation			
Unallocated depreciation			<u>178</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

				Cumulative To 30.06.2007 RM’000
Revenue				
Malaysia				3,277
Singapore				5,018
Thailand				2,605
Indonesia				2,980
China				1,117
Taiwan				103
Korea				81
				<hr/> 15,181 <hr/>
	Segment assets RM’000	Segment liabilities RM’000	Capital expenditure RM’000	Depreciation RM’000
Malaysia	27,455	1,412	320	112
Singapore	6,903	2,942	-	13
Thailand	3,155	410	109	9
Indonesia	6,693	1,066	6	44
	<hr/> 44,206 <hr/>	5,830	435	178 <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
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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 30 JUNE 2007 (CONT'D)

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

B1. Review of Performance

The comparative figures for the previous quarter represent the post acquisition results of the Group for the period from 1 June 2006 to 30 June 2006, following the completion of the acquisition of the subsidiaries on 25 May 2006.

For the purpose of comparison only, we set out below the proforma results of the previous quarter:

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.6.07	Previous Quarter 30.6.06 (Proforma)	Current Year todate 30.6.07	Previous Year todate 30.6.06 (Proforma)
	RM'000	RM'000	RM'000	RM'000
Revenue	8,030	7,193	15,181	11,568
Profit before tax	852	3,642	1,608	3,533
Less: Waiver of directors loans	0	(1,482)	0	(1,482)
Operational profit before tax	852	2,160	1,608	2,051

For the current financial quarter under review, the Group reported a revenue of RM8,030,000 and profit before tax of RM852,000. This represented an increase of RM837,000 (12%) in revenue over the previous comparative quarter. The Group's revenue for the six-month period ended 30 June 2007 was RM15,181,000 which represented an increase of RM 3,613,000 (31%) as compared to the six-month period ended 30 June 2006. The increase in revenue for the current period and year to date was due to improved performance in the Singapore and Thailand markets.

The lower operational profit level in the current quarter was due to a higher mix of product sales for which margins were relatively lower. In addition, selling, general and administrative expenses have increased by about 25% in the current period due to intensified marketing efforts and also increase in support staff.

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

	Current Quarter Ended 30 Jun 07 RM'000	Immediate Preceding Quarter Ended 31 Mar 07 RM'000
Revenue	8,030	7,151
Profit before tax	852	755

Revenue increased by RM879,000 (12%) in the current quarter compared to the immediate preceding quarter, whilst profit before tax has increased by RM97,000 (13%). The improvement in revenue and profit was due to improved performance in the Singapore and Thailand markets.

Overall gross profit margins and operating expenses are fairly consistent over the two quarters. As such, profit before tax margin is at close to 11% of revenue over the two quarters under review.

ISS CONSULTING SOLUTIONS BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 JUNE 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 intensified 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 is cautiously optimistic of positive growth in the financial year ending 31 December 2007.

At the same time, the acquisition of Ledge Consulting Pte Ltd ("Ledge Consulting"), which has been approved by the relevant authorities and shareholders, is expected to add further to the Group's earnings.

B4. Taxation

The effective tax rate for the current quarter is at 14% and is lower than the immediate preceding quarter due to a higher profit contribution from the Malaysian subsidiary which enjoys Multimedia Super Corridor status and qualifies for tax exemption for its approved activities.

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 ("Acquisition").

The Acquisition has been approved by the relevant authorities during the current quarter and shareholders approval has been obtained at an extraordinary general meeting held on 28 June 2007. At the date of this report, all conditions precedent has been complied with, and the Acquisition has been completed in accordance with the terms of the Share Purchase agreement.

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

B8. Status of Utilisation of Proceeds

The Company raised proceeds of RM16,877,240 from its Initial Public Offering (“IPO”) in August 2006. On 28 May 2007, the Securities Commission approved the revision of the utilization of the IPO proceeds as set out below. Details of the utilisation of the IPO proceeds up to the end of the current financial quarter are as follows:-

Purpose	Approved proposed utilisation	Revised approved utilisation	Actual utilisation	Amount not utilised	Approved timeframe for utilisation
	RM	RM	RM	RM	
Working capital	10,377,240	3,203,000	3,203,000	-	-
R&D expenditure	5,000,000	5,000,000	3,819,240	1,180,760	July 2009
Part financing of cash consideration for the Acquisition	-	7,174,240	-	7,174,240	July 2008
Listing expenses	1,500,000	1,500,000	1,500,000	-	-
	16,877,240	16,877,240	8,522,240	8,355,000	

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	306	160
Denominated in SGD	7	41
Hire purchase and Lease payables	313	201

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.

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

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.

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	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
Profit attributable to shareholders (RM'000)	736	3,802	1,253	3,802
Weighted average number of ordinary shares of RM0.10 each for computing earnings per share are as follows:-				
Basic ('000)	218,377	72,054	218,377	36,226
Diluted ('000)	N/A	N/A	N/A	N/A
Basic earnings per share (sen)	0.34	5.28	0.57	10.50
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.

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 17 August 2007.

By order of the Board
ISS CONSULTING SOLUTIONS BERHAD

Mah Li Chen (MAICSA 7022751)
Lim Siew Ting (MAICSA 7029466)
Company Secretaries
Dated this 17 August 2007