

**ISS CONSULTING SOLUTIONS BERHAD (“ISS”)  
QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 ending 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., PT ISS Consulting Indonesia and Ledge Consulting Pte Ltd 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	<b>RM</b>
Singapore Dollar	2.2916
100 Thai Baht	9.9475
100 Indonesian Rupiah	0.03730
United States Dollar	3.4090

**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**

During the current quarter under review, 37,500,000 shares were issued as part consideration for the acquisition of Ledge Consulting Pte Ltd in accordance with the terms of the Share Purchase Agreement dated 24 January 2007, which has been approved by the relevant authorities and shareholders.

Other than the above, 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	12,878	13,133	26,011
Cost of sales	(8,170)	(7,354)	(15,524)
Gross profit	<u>4,708</u>	<u>5,779</u>	10,487
Other operating income			129
			<u>10,616</u>
Administrative expenses			(6,965)
Marketing and distribution cost			(104)
Other operating expenses			(336)
Finance costs			(40)
Profit before taxation			<u>3,171</u>
Taxation			(1,186)
Profit attributable to shareholders			<u>1,985</u>
			<b>Total RM’000</b>
<b>Segment assets</b>			
Unallocated assets			<u>58,799</u>
<b>Segment liabilities</b>			
Unallocated liabilities			<u>10,319</u>
<b>Capital expenditure</b>			
Unallocated capital expenditure			<u>1,595</u>
<b>Depreciation</b>			
Unallocated depreciation			<u>318</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 To 30.09.2007 RM’000</b>
<b>Revenue</b>				
Malaysia				4,163
Singapore				10,610
Thailand				6,444
Indonesia				2,709
China				1,910
Taiwan				112
Korea				63
				<hr/> 26,011 <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	37,210	4,542	1,405	187
Singapore	10,645	3,978	73	46
Thailand	4,815	700	117	16
Indonesia	6,129	1,099	-	69
	<hr/> 58,799	10,319	1,595	318 <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**

During the current financial quarter, Ledge Consulting Pte Ltd became a 100% owned subsidiary of ISS Consulting Solutions Berhad, following the completion of the acquisition. Other than this, 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.

**A15. Significant Related Party Transactions**

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

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**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 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 cumulative results of the previous period:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter</b>	<b>Previous Quarter</b>	<b>Current Period</b>	<b>Previous Period</b>
	<b>30.9.07</b>	<b>30.9.06</b>	<b>Todate</b>	<b>30.9.06</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
			<b>30.9.07</b>	<b>(Proforma)</b>
Revenue	10,830	5,365	26,011	16,721
Profit before tax	1,563	650	3,171	4,243
Less: Non recurring item - Waiver of directors loans	0	0	0	(1,482)
Profit before tax (PBT)	1,563	650	3,171	2,761

For the current financial quarter under review, the Group reported a revenue of RM10,830,000 and profit before tax of RM1,563,000. This represented an increase of RM5,465,000 (102%) in revenue and an increase of RM913,000 (140%) in profit before tax over the previous comparative quarter. Group revenue for the nine-month period under review was RM26,011,000 which represented an increase of RM9,290,000 (56%) as compared to the nine-month period ended 30 September 2006.

During the current quarter, the results of Ledge Consulting have been consolidated with the Group, following the completion of the acquisition during the current quarter. Ledge Consulting Pte Ltd accounted for 35% of the current quarter revenue. Excluding Ledge Consulting Pte Ltd, Group revenue increased by 32% quarter on quarter, which is attributable to significant growth in Thailand and Singapore.

The improvement in the profit before tax margin is due to overall lower operating expenses as compared to the revenue growth.

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

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

	<b>Current Qtr 30 Sep 07</b>	<b>Preceding Qtr 30 Jun 07</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	10,830	8,030
Profit before tax	1,563	852

Revenue increased by RM2,800,000 (35%) in the current quarter compared to the immediate preceding quarter, whilst profit before tax increased by RM711,000 (83%).

The improvement in revenue and profit in the current quarter was due to strong market demand in Thailand and Singapore. The consolidation of the results of Ledge Consulting Pte Ltd in the current quarter also contributed to the improved results.

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

Whilst the Group faces a challenging environment in Malaysia and Indonesia, strong performances of the operating entities in Thailand, Singapore and contribution from Ledge Consulting Pte Ltd will have a positive impact on the Group. Barring unforeseen circumstances, the Board is cautiously optimistic of positive growth in the financial year ending 31 December 2007.

**B4. Variance of Actual Profit from Forecast Profit**

This is not applicable for the financial year ending 31 December 2007.

**B5. Taxation**

The effective tax rate for the current period to date is higher compared to the preceding period due to a higher profit contribution from the subsidiaries in Singapore and Thailand, which attract a higher tax rate, as compared to Malaysia, which is under MSC status.

**B6. Sale of Unquoted Investments and/or Properties**

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

**B7. 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 30 September 2007.

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

**B8. 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 Pte Ltd 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 was approved by the relevant authorities during the previous quarter and shareholders approval was obtained at an extraordinary general meeting held on 28 June 2007. All conditions precedent have been complied with, and the Acquisition has been completed in accordance with the terms of the share purchase agreement.

The results of Ledge Consulting for the current quarter under review has, accordingly, been consolidated with the results of the Group.

**B9. 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:-

<b>Purpose</b>	<b>Approved proposed utilisation</b>	<b>Revised approved utilisation</b>	<b>Actual utilisation</b>	<b>Amount not utilised</b>	<b>Approved timeframe for utilisation</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	
Working capital	10,377,240	3,203,000	3,203,000	-	-
R&D expenditure	5,000,000	5,000,000	5,000,000	-	-
Part financing of cash consideration for the Acquisition	0	7,174,240	4,749,225	2,425,015	July 2008
Listing expenses	1,500,000	1,500,000	1,500,000	-	-
	<b>16,877,240</b>	<b>16,877,240</b>	<b>14,452,225</b>	<b>2,425,015</b>	



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

**B10. Group's Borrowings and Debt Securities**

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

<b>Secured</b>	<b>Repayable less than 12 months RM'000</b>	<b>Repayable after 12 months RM'000</b>
Denominated in RM	255	119
Denominated in SGD	29	13
Hire purchase and Lease payables	284	132

**B11. Off Balance Sheet Financial Instruments**

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

**B12. 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.

**B13. Dividends**

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

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

**B14. 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	
	30.09.2007	30.09.2006	30.09.2007	30.09.2006
Profit attributable to shareholders (RM'000)	731	509	1,985	4,311
Weighted average number of ordinary shares of RM0.10 each for computing earnings per share :				
Basic ('000)	240,388	209,876	225,795	94,745
Diluted ('000)	N/A	N/A	N/A	N/A
Basic earnings per share (sen)	0.30	0.24	0.88	4.55
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.

**B15. Acquisition of Ledge Consulting**

The fair value of the net assets acquired and cash flow arising from the acquisition of Ledge Consulting is as follows:-

	RM'000
Non-current assets	143
Current assets	4,328
Current liabilities	(2,141)
Net assets acquired	2,330
Goodwill on acquisition	15,392
Total purchase consideration	17,722
Purchase consideration satisfied by issuance of shares	(9,375)
Purchase consideration to be satisfied in cash	(3,598)
Purchase consideration paid in cash to date	4,749
Cash and cash equivalents on acquisition of Ledge Consulting	(1,780)
Net cash outflow on acquisition of Ledge Consulting	2,969

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

**B16. 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 16 November 2007.

By order of the Board  
ISS CONSULTING SOLUTIONS BERHAD

Mah Li Chen (MAICSA 7022751)  
Lim Siew Ting (MAICSA 7029466)  
Company Secretaries  
Dated this 16 November 2007