

**ISS CONSULTING SOLUTIONS BERHAD (“ISS”)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPT 2008**

**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 (“FYE”) 31 December 2007.

The accounting policies and methods of computation adopted by ISS and its subsidiaries (“Group”) are consistent with those adopted in the preparation of the financial statements for the FYE 31 December 2007. The following new and revised FRS and new interpretations are effective for the financial period beginning on or after 1 January 2008:

FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members’ Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129 ⁽²⁰⁰⁴⁾ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

Where applicable, the Group has adopted the above new and revised FRS. The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

FRS139 Financial Instruments: Recognition and Measurement has been deferred to 1 January 2010 and has not been adopted by the Group.

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134 (cont’d)

A1. Basis of Preparation (cont’d)

These attached explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

A2. Auditors’ Report

The auditors’ report on the financial statements of the Company for the FYE 31 December 2007 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 (“**Ledge Consulting**”) 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 (“SGD”)	2.4153
100 Thai Baht	10.154
100 Indonesian Rupiah	0.0367
United States Dollar	3.4575

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.

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134 (cont’d)

A7. Changes in Debts and Securities

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

A8. Dividend Paid

No dividend was paid during the current quarter under review.

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 sales of its XPress suite of products. The business segments can be broken down as follows:-

(a) Analysis of Revenue by Products and Services for cumulative year-to-date

	Product RM'000	Services RM'000	Total RM'000
Revenue	14,148	18,650	32,798
Cost of sales	(10,112)	(13,395)	(23,507)
Gross profit	<u>4,036</u>	<u>5,255</u>	9,291
Other operating income			<u>13</u>
			9,304
Administrative expenses			(9,350)
Marketing and distribution cost			(195)
Other operating expenses			(1,592)
Finance costs			(22)
Loss before taxation			<u>(1,855)</u>
Taxation			(601)
Loss after taxation for the period			<u>(2,456)</u>
Attributable to:			
Equity holders of the parent			<u>(2,545)</u>
Minority interest			89
Loss after taxation for the period			<u>(2,456)</u>
			Total RM'000
Segment assets			
Unallocated assets			<u>58,223</u>
Segment liabilities			
Unallocated liabilities			<u>7,882</u>
Capital expenditure			
Unallocated capital expenditure			<u>968</u>
Depreciation			
Unallocated depreciation			<u>595</u>

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134 (cont’d)

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.

A9. Segmental Reporting (continued)

(b) Analysis of Revenue by Geographical Area

Revenue	Cumulative To 30.09.2008 RM’000
Malaysia	9,275
Singapore	13,475
Thailand	6,552
India	1,140
Indonesia	711
China	274
Taiwan	-
Japan	445
Korea	926
	32,798

	Segment assets RM’000	Segment liabilities RM’000	Capital expenditure RM’000	Depreciation RM’000
Malaysia	37,964	2,647	548	323
Singapore	8,655	2,560	271	222
Thailand	5,880	1,493	149	38
Indonesia	5,724	1,182	0	12
	58,223	7,882	968	595

A10. Valuation of Property, Plant and Equipment

There has been no revaluation of property, plant and equipment during the financial quarter.

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

There are no significant events subsequent to the balance sheet date and up to the date of this report.

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARDS (“FRS”) 134 (cont’d)

A12. Changes in the Composition of The Group

Save for the following, there were no changes in the composition of the Group during the current financial year to date:-

Acquisition of Cogent Consulting Sdn Bhd:

On 30 May 2008, the Board announced that the Company had on even date entered into a conditional share purchase agreement with Chiam Guik Meng and Chia Siea Huwa (the “**Vendors**”) for the acquisition of 70,000 ordinary shares of RM1.00 each in Cogent Consulting Sdn Bhd (“**Cogent**”) representing 70% equity interest in Cogent for a total consideration of RM385,000.

The Company had on 4 July 2008 announced the completion of the above said acquisition on 30 June 2008.

As the Proposed Acquisition had been completed on 30 June 2008, the financial results of Cogent for the current quarter ended 30 September 2008 have been consolidated in the financial statements of the Group.

Incorporation of Cogent Business Solutions (S) Pte Ltd

On 23 October 2008, the Board announced that the Company had incorporated Cogent Business Solution (S) Pte Ltd (“**Cogent BSS**”) as its new wholly-owned subsidiary in Singapore.

The intended principal activity of Cogent BSS will be in the business consulting, software and services provider for Corporate Performance Management and Business Intelligence applications.

A13. Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the last financial year as at 31 December 2007.

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 significant related party transactions during the current quarter under review.

ISS CONSULTING SOLUTIONS BERHAD
QUARTERLY REPORT ON CONSOLIDATED RESULTS
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**B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF
BURSA SECURITIES FOR THE MESDAQ MARKET**

B1. Review of Performance

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 30.09.08 RM'000	Preceding year corresponding quarter 30.09.07 RM'000	Current year to date 30.09.08 RM'000	Preceding year corresponding Quarter to date 30.09.07 RM'000
Revenue	<u>9,908</u>	<u>10,830</u>	<u>32,798</u>	<u>26,011</u>
(Loss)/Profit before tax ("LBT"/"PBT")	<u>(2,939)</u>	<u>1,563</u>	<u>(1,855)</u>	<u>3,171</u>
(LBT)/PBT margin (%)	<u>(29.66)</u>	<u>14.43</u>	<u>(5.66)</u>	<u>12.19</u>

For the current financial quarter under review, the Group reported a revenue of RM9.9 million and LBT of RM2.94 million. This represents a decrease of approximately RM0.92 million or 8.5% in revenue, and a deterioration in profit before taxation by approximately RM4.50 million or 288% as compared to the preceding year corresponding quarter ended 30 September 2007.

The decrease in revenue to approximately RM9.9 million is due to a slowdown in contracts secured in Malaysia in the current quarter. In addition, Ledge Consulting fell short of expectations due to certain opportunities which did not materialized.

The overall loss before tax in the current quarter is mainly due to lower revenue recorded coupled with a higher level of operating expenses arising from increased rental costs for new offices in Malaysia and Thailand and increased resources for business development across most markets.

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 Immediate Preceding Quarter

	Current Quarter 30.09.08 RM'000	Immediate Preceding Quarter 30.06.08 RM'000
Revenue	9,908	12,915
(Loss) /Profit before tax	(2,939)	578

Revenue decreased by RM3.0 million (23.3%) in the current quarter compared to the immediate preceding quarter.

Following the deterioration in revenue, the Group recorded a loss before taxation of RM2.94 million, a decrease by approximately RM3.52 million.

As mentioned in paragraph B1, the loss for the quarter is due to a slowdown in contracts secured in Malaysia and by Ledge Consulting.

B3. Prospects For The Financial Year Ending 31 December 2008

Amidst the current global financial crisis, the Group expects a challenging period ahead in the remaining months of 2008 as customers across all segments of industries are expected to scale down their operating costs and also their investments in information technology and systems.

During the current quarter, SAP AG launched 'Fast Start', a new product that is targeted at small businesses engaged in the manufacturing, trading and services sectors. The Group is currently assessing the inherent features of this product and the impact that it may have on the Group's Xpress suite of products.

For the reasons stated above, the Board of Directors has a cautious outlook on the performance of the Group in the last quarter of 2008. The results of the Group for 2008 is expected to be lower than 2007.

B4. Profit Forecast Or Profit Guarantee

No profit forecast or profit guarantee was published.

B5. Taxation

The current quarter tax expenses relate to foreign tax arising from its newly acquired subsidiary and foreign subsidiaries in Thailand and Singapore.

B6. Sale of Unquoted Investments and/or Properties

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

B7. Quoted Securities

There was no purchase or disposal of quoted securities during the financial quarter under review.

B8. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

B9. Status of Utilisation of Proceeds

The proceeds from the initial public offering of ISS were fully utilized as of 31 July 2008.

There was no corporate proposal undertaken to raise any proceeds during the financial period ended 30 September 2008.

B10. Group's Borrowings and Debt Securities

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

Secured	Repayable within 12 months RM'000	Repayable later than 12 months RM'000
Denominated in RM	299	93
Denominated in SGD	18	-
Hire purchase and lease payables	317	93
Short term borrowings from a financial institution	510	-

As at the date of this report, the Group has not issued any debt securities.

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 Payable

No dividend has been declared during the financial quarter under review.

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	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
(Loss) / Profit attributable to shareholders (RM'000)	(3,361)	731	(2,545)	1,985
Weighted average number of ordinary shares of RM0.10 each for computing earnings per share :				
- Basic ('000)	255,877	240,388	255,877	225,795
- Diluted ('000)	N/A	N/A	N/A	N/A
Basic earnings per share (sen)	(1.31)	0.30	(0.99)	0.88
Diluted earnings per share (sen) ^	N/A	N/A	N/A	N/A

Note:

^ - No diluted earnings per share has been computed as the Company has not issued securities that have dilutive effects on the Company's existing shares in issue

B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board of Directors dated 19 November 2008.

By order of the Board
ISS CONSULTING SOLUTIONS BERHAD

Mah Li Chen (MAICSA 7022751)
Company Secretary
Dated this 19 November 2008