

**ISS CONSULTING SOLUTIONS BERHAD (“ISS”)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009**

**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 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 ACE 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 2008.

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 2008.

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 2008.

A2. Auditors’ Report

The auditors’ report on the financial statements of the Company for the FYE 31 December 2008 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”)	2.4302
100 Thai Baht	10.354
100 Indonesian Rupiah	0.0345
United States Dollar	3.5225

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 material 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 quarters 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 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	9,751	13,683	23,434
Cost of sales	(6,628)	(9,213)	(15,841)
Gross profit	3,123	4,470	7,593
Other operating income			101
Administrative expenses			7,694
Marketing and distribution cost			(6,564)
Other operating expenses			(15)
Finance costs			(1,279)
Loss before taxation			(118)
Taxation			(282)
Loss after taxation for the period			(140)
			(422)

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

A9. Segmental Reporting (cont’d)

Attributable to:	
Equity holders of the parent	(197)
Minority interest	(225)
Loss after taxation for the period	(422)
	Total
	RM’000
Segment assets	
Unallocated assets	38,110
Segment liabilities	
Unallocated liabilities	17,939
Capital expenditure	
Unallocated capital expenditure	11
Depreciation	
Unallocated depreciation	408

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.

(b) Analysis of Revenue by Geographical Area

Revenue	Cumulative To 30.06.2009 RM’000			
Malaysia				4,472
Singapore				11,583
Thailand				5,258
India				630
Indonesia				707
China				250
Australia				534
				23,434
				RM’000
	Segment assets	Segment liabilities	Capital expenditure	Depreciation
	RM’000	RM’000	RM’000	RM’000
Malaysia	18,299	6,928	-	243
Singapore	14,772	9,425	-	117
Thailand	4,229	464	11	42
Indonesia	810	1,122	-	6
	38,110	17,939	11	408

A10. Valuation of Property, Plant and Equipment

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

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

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

A12. Changes in the Composition of The Group

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

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 2008.

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
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2009 (cont'd)

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

B1. Review of Performance

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>Current Quarter 30.06.09 RM'000</u>	<u>Preceding Quarter 30.06.08 RM'000</u>	<u>Current year to date 30.06.09 RM'000</u>	<u>Preceding year to date 30.06.08 RM'000</u>
Revenue	<u>10,177</u>	<u>12,915</u>	<u>23,434</u>	<u>22,890</u>
(Loss)/Profit before tax	<u>(782)</u>	<u>578</u>	<u>(282)</u>	<u>1,085</u>
(Loss)/Profit before tax margin (% of revenue)	(7.7%)	4.5%	(1.2%)	4.7%

For the current financial quarter under review, the Group reported arevenue of approximately RM10.18 million. This represents a decrease in revenue of RM2.74 million or approximately 21% compared to the corresponding previous quarter. The decline in revenue was due to slow down in contracts secured in Malaysia and in Singapore. In addition, economic uncertainties still prevail in the respective countries in which ISS Group operates, and customers, in general, are taking a cautious stand in technology spending.

The higher profit before tax margin in the corresponding previous year-to-date period is due to a one-off non-recurring help desk support revenue

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

	<u>Current Quarter 30.06.09 RM'000</u>	<u>Immediate Preceding Quarter 31.03.09 RM'000</u>
Revenue	<u>10,177</u>	<u>13,257</u>
(Loss)/Profit before tax	<u>(782)</u>	<u>500</u>

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

B2. Material Changes In The Quarterly Results Compared To The Results of The Immediate Preceding Quarter (cont'd)

Revenue decreased by approximately RM3.08 million or 23% in the current quarter compared to the immediate preceding quarter.

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

B3. Prospects For The Financial Year Ending 31 December 2009

Current economic conditions continue to be volatile and the Group expects 2009 to be challenging, as customers across all segments of industries are expected to scale down their operating costs and also their investments in information technology.

In view of the current challenging environment, the Group has taken proactive measures by reducing cost and operating on a leaner basis, across all countries. The Group hopes that these measures will, to some extent, soften the impact of the slowdown on its bottomline.

B4. Profit Forecast Or Profit Guarantee

No profit forecast or profit guarantee was published.

B5. Taxation

The current quarter tax credit relates mainly to a tax refund received by one of the Singapore subsidiaries in respect of tax relief granted by the tax authorities, as part of an economic stimulus program. The tax charge for the current period to date relates to tax on profits derived from the foreign subsidiaries in Thailand and Singapore which are not allowed to be off set against losses from other subsidiaries.

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.

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

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 year ended 31 December 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	118	108
Denominated in SGD	7	-
Hire purchase and lease payables	125	108
Short term borrowings from a financial institution	2,615	-

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 ACE 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	
	30.06.2009	30.06.2008	30.06.2009	30.06.2008
(Loss) / Profit attributable to shareholders (RM'000)	(522)	411	(197)	816
Weighted average number of ordinary shares of RM0.10 each for computing earnings per share :				
- Basic ('000)	255,877	255,877	255,877	255,877
- Diluted ('000)	N/A	N/A	N/A	N/A
Basic earnings per share (sen)	(0.20)	0.16	(0.08)	0.32
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 by the Board of Directors dated 26 August 2009.

By order of the Board
ISS CONSULTING SOLUTIONS BERHAD

Lee Huey Fen (MAICSA 7053908)
Company Secretary
Dated this 26 August 2009