

**ISS CONSULTING SOLUTIONS BERHAD (“ISS”)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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, Ledge Consulting Pte Ltd (“**Ledge Consulting**”) and Cogent Business Solutions (S) 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	RM
Singapore Dollar (“SGD”)	2.4573
100 Thai Baht	10.3608
100 Indonesian Rupiah	0.0359
United States Dollar	3.4745

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 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 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	14,161	20,174	34,335
Cost of sales	(9,630)	(13,934)	(23,564)
Gross profit	4,531	6,240	10,771
Other operating income			138
Administrative expenses			10,909
Marketing and distribution cost			(9,568)
Other operating expenses			(22)
Finance costs			(1,054)
Profit before taxation			(169)
Taxation			96
Loss after taxation for the period			(278)
			(182)

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

A9. Segmental Reporting (Cont’d)

Attributable to:

Equity holders of the parent	48
Minority interest	(230)
Loss after taxation for the period	<u>(182)</u>

**Total
RM’000**

Segment assets	
Unallocated assets	36,708
Segment liabilities	
Unallocated liabilities	<u>16,927</u>
Capital expenditure	
Unallocated capital expenditure	<u>32</u>
Depreciation	
Unallocated depreciation	<u>604</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.

(b) Analysis of Revenue by Geographical Area

Revenue	Cumulative To 30.09.2009 RM’000
Malaysia	5,536
Singapore	18,236
Thailand	7,413
India	709
Indonesia	999
China	264
Australia	1,178
	<u>34,335</u>

	Segment assets RM’000	Segment liabilities RM’000	Capital expenditure RM’000	Depreciation RM’000
Malaysia	17,471	6,728	20	364
Singapore	14,066	8,072	-	171
Thailand	4,317	962	12	63
Indonesia	854	1,165	-	6
	<u>36,708</u>	<u>16,927</u>	<u>32</u>	<u>604</u>

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

A10. Valuation of Equipment

There has been no revaluation of equipment during the financial quarter.

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

The following event occurred subsequent to the end of the financial quarter:

a) Acquisition of Diversified Gateway Berhad (“DGB”)

On 12th October 2009, the Board of Directors (“Board”) announced that the Company had entered into a conditional share sale agreement (“SSA”) with Formis Holdings Berhad (“FHB”), a wholly owned subsidiary of Formis Resources Berhad and the management team of DGB for the acquisition of the entire equity interest of DGB from FHB and the management team for a consideration of RM110,000,000 (“Proposed Acquisition”). The purchase consideration for the Proposed Acquisition shall be satisfied via the issuance of 1,100,000,000 ordinary shares of RM0.10 each in ISS Consulting Solutions Berhad (“ISS”) at par.

In conjunction with the Proposed Acquisition, the Board has also resolved to undertake the following proposals:

- (i) Proposed exemption under Practice Note 2.9.1 of the Malaysian Code on Takeovers and Mergers, 1998 (“Code”) to FHB and the management team (“collectively, the vendors”) and any other parties acting in concert with the vendors (if any) from the obligation of having to extend a mandatory offer for all the remaining ISS shares not already held by the vendors and parties acting in concert (if any) upon completion of the Proposed Acquisition (“Proposed Exemption”);
- (ii) Proposed increase in the authorized share capital of ISS from RM50,000,000 comprising 500,000,000 ISS shares to RM500,000,000 comprising 5,000,000,000 ISS shares to accommodate the issuance of the new ISS shares pursuant to the Proposed Acquisition (“Proposed IASC”); and
- (iii) Proposed amendment to the Memorandum and Articles of Association of ISS to reflect the Proposed IASC (“Proposed Amendment”).

As at the date of this report, financial and legal due diligence exercises are ongoing.

Save for the above, 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.

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

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 SEPTEMBER 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</u> <u>30.09.09</u> <u>RM'000</u>	<u>Preceding Quarter</u> <u>30.09.08</u> <u>RM'000</u>	<u>Current Year To Date</u> <u>30.09.09</u> <u>RM'000</u>	<u>Preceding Year To Date</u> <u>30.09.08</u> <u>RM'000</u>
Revenue	<u>10,900</u>	<u>9,908</u>	<u>34,335</u>	<u>32,798</u>
Profit/(Loss) before tax	<u>378</u>	<u>(2,939)</u>	<u>96</u>	<u>(1,855)</u>
Profit/(Loss) before tax margin (% of revenue)	3.5%	(29.7%)	0.3%	(5.7%)

For the current financial quarter under review, the Group reported revenue of RM10.9 million. This represents an increase in revenue of RM0.99 million (10%) compared to the corresponding previous quarter. The higher revenue in the current quarter is due to revenue from the Singapore Pools project which started in January 2009.

The improvement in profit before tax margin in the current quarter is, due to the effects of the measures taken in Q1 09 to reduce cost and operate on a leaner scale.

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

	<u>Current Quarter</u> <u>30.09.09</u> <u>RM'000</u>	<u>Immediate Preceding Quarter</u> <u>30.06.09</u> <u>RM'000</u>
Revenue	<u>10,900</u>	<u>10,177</u>
Profit/(Loss) before tax	<u>378</u>	<u>(782)</u>

Revenue for the current quarter improved marginally compared with the previous quarter. The improvement in the profitability of the current quarter is mainly due to marginally lower operating expenses coupled with the recovery of trade debts upon collection, which were previously provided for.

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

B3. Prospects For The Financial Year Ending 31 December 2009

Amidst a challenging economic environment that has prevailed for the most part of 2009, the Group had taken proactive measures in early 2009, to reduce cost and operate on a leaner basis. The effects of such measures are seen in the current quarter with lower operating expenses.

With this, the Group expects that the proactive measures will soften the impact of the economic slowdown on its bottomline.

B4. Profit Forecast Or Profit Guarantee

No profit forecast or profit guarantee was published.

B5. Taxation

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.

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	Current Year To Date 30.9.2009 RM'000 (Unaudited)
Profit before taxation	<u>96</u>
Tax at the statutory tax rate of 25%	24
Non-deductible expenses	32
Deferred tax assets not recognized during the financial period	940
Utilisation of deferred tax assets not recognised in prior years	(674)
Difference in tax rates	52
Others	<u>(96)</u>
	<u>278</u>

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

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

Save as mentioned in para A.11, there are no corporate proposals which are yet to be completed as at the date of this report.

B9. Status of Utilisation of Proceeds

There was no corporate proposal undertaken to raise any proceeds during the financial year ending 31 December 2009.

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	144	28
Denominated in SGD	3	-
Hire purchase and lease payables	147	28
Short term borrowings from a financial institution	2,459	-

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.

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

B13. Dividends Payable

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

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	
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
Profit/(Loss) attributable to shareholders (RM'000)	244	(3,361)	48	(2,545)
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)	0.10	(1.31)	0.02	(0.99)
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 19 November 2009.

By order of the Board
ISS CONSULTING SOLUTIONS BERHAD

Lee Huey Fen (MAICSA 7053908)
Company Secretary
Dated this 19 November 2009