

**ISS CONSULTING SOLUTIONS BERHAD (“ISS”)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2010**

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, 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 2009.

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 2009.

These attached explanatory notes provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2009.

A2. Auditors’ Report

The auditors’ report on the financial statements of the Company for the FYE 31 December 2009 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	RM
Singapore Dollar (“SGD”)	2.335
100 Thai Baht	10.111
100 Indonesian Rupiah	0.0359
United States Dollar	3.273

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

During the current quarter, an amount of RM1,000,362 in respect of professional fees incurred for the acquisition of the entire equity interest of Diversified Gateway Berhad ("DGB"), has been charged to the income statement.

Save as stated above, 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	3,754	3,487	7,241
Cost of sales	(3,443)	(5,819)	(9,262)
Gross profit	311	(2,332)	(2,021)
Other operating income			100
			(1,921)
Administrative expenses			(2,716)
Marketing and distribution cost			(10)
Other operating expenses			(1,032)
Finance costs			(44)
Loss before taxation			(5,723)
Taxation			20

Loss after taxation for the period	(5,703)
Attributable to:	
Equity holders of the parent	(5,644)
Minority interest	(59)
Loss after taxation for the period	(5,703)
	Total
	RM'000
Segment assets	
Unallocated assets	41,050
Segment liabilities	
Unallocated liabilities	28,117
Capital expenditure	
Unallocated capital expenditure	111
Depreciation	
Unallocated depreciation	167

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 31.03.2010 RM'000			
Malaysia				898
Singapore				3,840
Thailand				2,503
				7,241
				7,241
	Segment assets RM'000	Segment liabilities RM'000	Capital expenditure RM'000	Depreciation RM'000
Malaysia	16,240	8,079	1	114
Singapore	19,601	17,903	110	32
Thailand	4,374	1,011	0	21
Indonesia	835	1,124	0	0
	41,050	28,117	111	167

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

On 12th October 2009, the Board of Directors announced that the Company had entered into a conditional share sale agreement 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 total consideration of RM110,000,000 (“Acquisition”). The purchase consideration for the Acquisition shall be satisfied via the issuance of 1,100,000,000 ordinary shares of RM0.10 each in ISS at par.

On 14 April 2010, the Acquisition was duly completed. Pursuant to the Acquisition, the acquirer is deemed to be DGB and ISS, being the issuing entity is the acquiree as FHB, as the vendor of DGB would control the combined entity on completion of the Acquisition.

Save as stated 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.

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 2009.

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.

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

B1. Review of Performance

	Individual Quarter		Cumulative Quarter	
	Current year Quarter 31.03.10 RM'000	Preceding year corresponding quarter 31.03.09 RM'000	Current year to date 31.03.10 RM'000	Preceding year correspondi ng Quarter to date 31.03.09 RM'000
Revenue	7,241	13,257	7,241	13,257
(Loss)/Profit before tax	(5,723)	500	(5,723)	500
Less: Professional fees incurred on the acquisition of DGB	1,000	-	1,000	-
Operation (Loss)/Profit before tax	(4,723)	500	(4,723)	500

For the current financial quarter under review, the Group reported revenue of approximately RM7.24 million. This represents a decrease of RM6.02 million or 45% in revenue, compared to the corresponding previous quarter. The decrease in revenue is mainly attributable to fewer contracts closed in Malaysia and Singapore over the current quarter, coupled with delay in attaining defined milestones in respect of certain projects.

The loss in the current quarter is directly attributable to lower level of revenue.

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

	Current Quarter 31.03.10 RM'000	Immediate Preceding Quarter 31.12.09 RM'000
Revenue	7,241	16,106
Loss before tax	(5,723)	(531)
Less: Professional fees incurred on the acquisition of DGB	1,000	-
Loss from operations	(4,723)	(531)

Revenue decreased by approximately RM8.86 million or 55% in the current quarter compared to the immediate preceding quarter. The decrease in revenue is due to fewer contracts closed in Singapore combined with a delay in attaining defined milestones in respect of certain projects.

B3. Prospects For The Financial Year Ending 31 December 2010

The acquisition of DGB and the subsequent reverse takeover by FHB was completed on 14 April 2010. With the completion, ISS is able to draw on the synergistic benefits of the enlarged ISS Group, particularly in the area of providing end to end business solutions to the customers through cross selling of products.

Combined with the strong economic growth forecast for 2010, and the initiatives undertaken by the Malaysian Government to boost the ICT industry, the ISS Group sees opportunities for its solutions offerings, from the large private enterprise sector to the government and government-linked companies as well as the small and medium enterprises.

At the same time, ISS Group takes cognizance that its delivery processes needs improvement in order to be able to deliver projects in a more timely and cost efficient manner.

Premised on the above, the prospects for the remainder of 2010 for ISS Group will be challenging.

B4. Profit Forecast Or Profit Guarantee

No profit forecast or profit guarantee was published.

B5. Taxation

The tax credit for the current quarter relates to foreign tax refund in respect of previous year. There is no tax charge for the current quarter due to the losses incurred at the subsidiaries level.

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.

There was no corporate proposal undertaken to raise any proceeds during the current quarter.

B9. 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	Repayable later than 12 months
	RM'000	RM'000
Denominated in RM	54	18
Denominated in SGD	1	-
Hire purchase and lease payables	55	18
Short term borrowings	3,622	-

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

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.

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 Payable

No dividend has been 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	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
(Loss) / Profit attributable to shareholders (RM'000)	(5,644)	326	(5,644)	326
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 (loss)/earnings per share (sen)	(2.2)	0.13	(2.2)	0.13
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

B14. Authorization for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution by the Board of Directors dated 25 May 2010.

By order of the Board
ISS CONSULTING SOLUTIONS BERHAD

Masharum binti Abdul Wahab (MAICSA 7041619)
Company Secretary
Dated this 25 May 2010