



**ISS Group Limited**  
**Interim Financial Report**

ACN 109 443 852

**31 December 2010**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2010 and any public announcements made by ISS Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**ISS GROUP LIMITED**  
**DIRECTORS' REPORT**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

## Directors' report

Your directors present their report on the consolidated entity consisting of ISS Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

### Directors

The following persons were directors of ISS Group Limited during the whole of the half-year and up to the date of this report:

Mr Evan Cross	Chairman – Independent & Non-executive
Mr Shane Attwell	Managing Director
Mr Ian Spence	Director - Independent & Non-executive

## Review of Operations

ISS Group Limited (ASX:ISS) reports on its half year performance to 31 December 2010 as follows:

The ISS Group has reported an after tax profit for the half year of \$760,315 (2009: \$3,962,865). The reduction in this year's result has predominantly been impacted by:

\$1.65 million drop in revenues in Q1 over the prior period.

\$0.51 million tax expense following a \$0.89 million tax benefit booked in the prior period.

\$0.46 million increase in foreign currency loss over the prior period.

While the first half of the financial year has seen a reduction in overall revenues and profit, a significant amount of work has been undertaken that belies the true effort put into the future growth of the Group. Importantly, licence and maintenance revenue has continued to show improvement in the first half, increasing 4% and 19% respectively over the prior period. Opportunities are increasing globally and an increase in new projects with existing clients is providing the company with a solid base moving into the second half of the year.

The planning and development of a substantial sales pipeline, implementation of a global product management model, a staff performance incentive programme and the continuing focus on efficiencies, has the Group in good shape for the next 12 to 24 months.

The Group's working capital remains robust at AUD \$9.6 million (\$9.3 million in the corresponding period last year and \$9.0 million at 30 June 2010) and the company maintains a zero debt position.

ISS is continuing to work closely with Schlumberger in the development of upstream Oil and Gas opportunities with the Group having contributed significantly to the successful closure of several key projects. We are also anticipating further licence sales via Schlumberger which we believe will further cement our relationship with a key partner and provide additional maintenance revenues.

ISS also continues to develop its offerings in other industries such as manufacturing and utilities that are starting to show promising signs that these markets can be lucrative for the Group.

### Dividends

The Company paid a final dividend of A\$0.005 per share in October 2010, totalling \$676,041, as a result of its performance in the 2009/10 financial year.

The board has declared an interim dividend of A\$0.005 per share partly franked at 85.34%, reflecting the stable business environment and cash reserves of ISS Group. The Record Date for this dividend payment will be 7 March 2011 with a payment date of 15 March 2011. Please note that the Dividend Reinvestment Plan is not available for this dividend.

**ISS GROUP LIMITED**  
**DIRECTORS' REPORT**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**Review of Operations (cont.)**

A summary of significant items of income and expense are listed in the following table extracted from the half yearly accounts

<i>Item</i>	<i>6 Months Dec-2010</i>	<i>6 Months Dec-2009</i>	<i>% Increase / (Decrease)</i>
Breakdown of revenue for this period			
Licence	\$3,897,669	\$3,734,523	4%
Maintenance	\$1,323,749	\$1,115,966	19%
Support	\$319,148	\$425,769	(25%)
Services	\$4,256,653	\$5,796,711	(27%)
Other	\$305,091	\$153,482	99%
<b>Net Revenue &amp; Other income</b>	<b>\$10,102,310</b>	<b>\$11,226,451</b>	<b>(10%)</b>
Operating profit before tax and before the following items:	\$2,377,394	\$4,040,964	(41%)
· R&D spend	\$1,107,304	\$1,042,547	6%
· Depreciation	\$178,005	\$202,718	(12%)
· Allowance for doubtful debts	(\$178,443)	(\$280,120)	(36%)
Subtotal	\$1,106,866	\$965,145	
<b>Profit before tax</b>	<b>\$1,270,528</b>	<b>\$3,075,819</b>	<b>(59%)</b>
· Income tax (expense) / benefit	(\$510,213)	\$887,046	(157%)
<b>Net profit after tax</b>	<b>\$760,315</b>	<b>\$3,962,865</b>	<b>(81%)</b>

The continuing strength of the AUD has impacted the Groups performance with an unrealised foreign exchange loss of AUD \$1.13 million (an increase of 70% on the same period last year). The income tax expense has also affected the half year profit in relation to the tax benefit in the corresponding period last year.

**Outlook**

While the half year result is materially lower than the prior period, after accounting for the major variations, the Board is pleased with the underlying result and the significant progress made by the Group in the second quarter.

Having a sound financial base, quality product offerings for our customers, broad geographic spread and experienced and committed employees will ensure that the Group is capable of dealing to the optimum extent possible in the new economic environment. Following the major management changes that occurred in August 2010, the Board has total confidence in the Chief Executive Officer and his management team. They possess the strength and ability to provide a clear focus on strategic as well as tactical directions to help ensure the success of the Group on a long term basis.

**Auditor's independence declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2010.

**ISS GROUP LIMITED**  
**DIRECTORS' REPORT**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Shane Attwell  
Managing Director

Perth WA  
24<sup>th</sup> February 2011

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of ISS Group Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
24 February 2011



**M R W OHM**  
Partner, HLB Mann Judd

**ISS GROUP LIMITED**  
**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	<b>Consolidated</b>	
	<b>31 Dec 2010</b>	<b>31 Dec 2009</b>
	<b>\$</b>	<b>\$</b>
	<b>Note</b>	
Revenue	10,019,872	11,195,659
Other income	82,438	30,792
Employee benefits expense	(5,955,746)	(5,770,442)
Consulting and labour hire	(175,638)	(408,871)
Depreciation	(178,005)	(202,718)
Rent & outgoings	(635,506)	(634,953)
Travel	(103,284)	(115,444)
Finance costs	(2,049)	(2,895)
Other expenses	(1,781,554)	(1,015,309)
<b>Profit before income tax expense</b>	2 1,270,528	3,075,819
Income tax (expense) / benefit	(510,213)	887,046
<b>Profit after tax</b>	760,315	3,962,865
<b>Other comprehensive income</b>		
Exchange differences on translation of foreign operations	382,702	179,187
<b>Other comprehensive income for the period, net of tax</b>	382,702	179,187
<b>Total comprehensive income for the period</b>	1,143,017	4,142,052
<b>Earnings per share</b>		
Basic earnings per share	0.56	2.95
Diluted earnings per share	0.56	2.95

*The accompanying notes form part of these financial statements.*

**ISS GROUP LIMITED**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2010

	Consolidated	
	31 December 2010	30 June 2010
Note	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,933,691	6,746,671
Receivables	7,052,410	4,458,580
Total current assets	<u>11,986,101</u>	<u>11,205,251</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,324,694	1,474,183
Receivables	616,511	199,810
Deferred tax asset	1,262,218	1,170,330
Total non-current assets	<u>3,203,423</u>	<u>2,844,323</u>
<b>Total assets</b>	<b><u>15,186,524</u></b>	<b><u>14,049,574</u></b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,142,483	1,452,061
Interest-bearing liabilities	14,727	14,214
Current tax liabilities	590,619	441,579
Provisions	643,792	243,461
Total current liabilities	<u>2,391,621</u>	<u>2,151,315</u>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	38,749	46,243
Provisions	31,613	-
Total non-current liabilities	<u>70,362</u>	<u>46,243</u>
<b>Total liabilities</b>	<b><u>2,461,983</u></b>	<b><u>2,197,558</u></b>
<b>Net assets</b>	<b><u>12,727,541</u></b>	<b><u>11,852,016</u></b>
<b>EQUITY</b>		
Issued capital	5 14,887,349	14,478,800
Reserves	2,753,924	2,371,222
Accumulated losses	(4,913,732)	(4,998,006)
<b>Total equity</b>	<b><u>12,727,541</u></b>	<b><u>11,852,016</u></b>

*The accompanying notes form part of these financial statements*

**ISS GROUP LIMITED**  
**CONDENSED STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Consolidated	Ordinary Shares	Retained Earnings	Foreign Currency Translation Reserve	Share Based Payments Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2009</b>	<b>14,090,492</b>	<b>(8,637,600)</b>	<b>180,676</b>	<b>2,058,208</b>	<b>7,691,776</b>
Profit for the period	-	3,962,865	-	-	3,962,865
Exchange differences on translation of foreign operations	-	-	179,187	-	179,187
<b>Total comprehensive income for the period</b>	-	3,962,865	179,187	-	4,142,052
<b>Balance at 31 December 2009</b>	<b>14,090,492</b>	<b>(4,674,735)</b>	<b>359,863</b>	<b>2,058,208</b>	<b>11,833,828</b>
<b>Balance as at 1 July 2010</b>	<b>14,478,800</b>	<b>(4,998,006)</b>	<b>313,014</b>	<b>2,058,208</b>	<b>11,852,016</b>
Profit for the period	-	760,315	-	-	760,315
Exchange differences on translation of foreign operations	-	-	382,702	-	382,702
<b>Total comprehensive income for the period</b>	-	760,315	382,702	-	1,143,017
Dividends paid	-	(676,041)	-	-	(676,041)
Contribution of equity, net of transaction costs	450,000	-	-	-	450,000
Buy-back of equity, net of transaction costs	(41,451)	-	-	-	(41,451)
<b>Balance at 31 December 2010</b>	<b>14,887,349</b>	<b>(4,913,732)</b>	<b>695,716</b>	<b>2,058,208</b>	<b>12,727,541</b>

*The accompanying notes form part of these financial statements*

**ISS GROUP LIMITED**  
**CONDENSED STATEMENT OF CASH FLOWS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	<b>Consolidated</b>	
	<b>31 December 2010</b>	<b>31 December 2009</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	7,685,790	8,185,347
Payments to suppliers and employees (inclusive of goods and services tax)	(8,185,852)	(8,543,966)
Interest received	149,224	8,723
Interest paid	(2,049)	(2,895)
Taxation paid	(457,219)	(29,181)
<b>Net cash used in operating activities</b>	<b>(810,106)</b>	<b>(381,972)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(41,261)	(103,204)
Security bond deposits	-	65,407
Proceeds from sale of property, plant and equipment	-	14,045
<b>Net cash used in investing activities</b>	<b>(41,261)</b>	<b>(23,752)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to company shareholders	(676,041)	-
Payments for share buy back	(41,451)	-
Repayment of lease liabilities	(6,981)	(22,663)
<b>Net cash used in financing activities</b>	<b>(724,473)</b>	<b>(22,663)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,575,840)</b>	<b>(428,387)</b>
Cash and cash equivalents at the beginning of the half-year	6,746,671	4,804,010
Foreign exchange effect on cash and cash equivalents	(237,140)	(314,420)
<b>Cash and cash equivalents at end of the half-year</b>	<b>4,933,691</b>	<b>4,061,203</b>

*The accompanying notes form part of these financial statements*

**ISS GROUP LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**1 Statement of significant accounting policies**

**Statement of Compliance**

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by ISS Group Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**Basis of preparation**

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

**Significant accounting judgments and key estimates**

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments or key estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial report for the year ended 30 June 2010.

**Adoption of new and revised Accounting Standards**

In the half-year ended 31 December 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2010.

As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

**ISS GROUP LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**2 Profit before income tax expense**

	Consolidated	
	31 December 2010	31 December 2009
	\$	\$
The following revenue and expense items are relevant in explaining the financial performance for the half-year:		
Interest income	124,238	7,872
Depreciation of non-current assets	178,005	202,718
Losses on foreign exchange	1,131,381	665,591

**3 Segment information**

**Description of segments**

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of ISS Group Limited.

The Company is an Australian information and technology company that develops and markets infrastructure and application software for the oil, gas and mineral processing industries. Although the consolidated entity's divisions are managed on a global basis they operate in four main geographical areas which are regarded as the operating segments for the consolidated entity, as described below:

*Australia*

The home country of the parent entity. The areas of operation are principally to identify and develop global distribution channels as well as to provide the localised delivery capability and product R & D.

*Singapore*

Provides localised sales, support and delivery capability for the Asia & Middle East regions.

*Europe*

Provides localised sales, support and delivery capability for the European and African regions.

*USA*

Provides localised sales, support and delivery capability for the North and South American regions.

**ISS GROUP LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**3 Segment information (continued)**

The following table presents the revenue and profit information regarding operating segments for the half-year periods ended 31 December 2010 and 31 December 2009, and the assets and liabilities information for the half-year period ended 31 December 2010 and full-year period ended 30 June 2010

	Australia \$	Asia \$	Europe \$	USA \$	Consolidation Elimination \$	Total \$
<b>31 December 2010</b>						
Revenue						
Sales to external customers	6,529,519	2,012,140	1,215,727	138,248	-	9,895,634
Other revenues from external customers	77,782	4,656	-	-	-	82,438
Interest revenue	124,000	-	238	-	-	124,238
Inter-segment sales	1,657,222	232,299	28,277	79,772	(1,997,570)	-
Total segment revenue	8,388,523	2,249,095	1,244,242	218,020	(1,997,570)	10,102,310
Segment net operating profit / (loss) after tax	1,380,853	(155,871)	60,604	(525,271)	-	760,315
Included within segment operating profit / (loss) after tax:						
Interest expense	2,049	-	-	-	-	2,049
Depreciation and amortisation	143,487	27,988	6,530	-	-	178,005
Other non-cash (income) / expenses	294,159	(49,138)	(5,422)	41,953	-	281,552
Income tax (benefit) / expense	526,249	(16,036)	-	-	-	510,213
Segment assets	20,598,185	2,443,382	139,971	1,591,542	(9,572,155)	15,200,925
Acquisition of segment assets	33,648	7,221	392	-	-	41,261
Segment liabilities	1,775,095	2,195,438	2,282,284	2,004,517	(5,783,950)	2,473,384

**ISS GROUP LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**3 Segment information (continued)**

**31 December 2009**

	Australia	Asia	Europe	USA	Consolidation Elimination	Total
	\$	\$	\$	\$	\$	\$
Revenue						
Sales to external customers	7,505,656	2,290,150	1,135,952	256,029	-	11,187,787
Other revenues from external customers	12,831	17,961	-	-	-	30,792
Interest revenue	7,872	-	-	-	-	7,872
Inter-segment sales	1,379,523	13,737	-	33,465	(1,426,725)	-
<b>Total segment revenue</b>	<b>8,905,882</b>	<b>2,321,848</b>	<b>1,135,952</b>	<b>289,494</b>	<b>(1,426,725)</b>	<b>11,226,451</b>
Segment net operating profit / (loss) after tax	4,470,628	85,517	(324,080)	(269,200)	-	3,962,865
Included within segment operating profit / (loss) after tax:						
Interest expense	2,895	-	-	-	-	2,895
Depreciation and amortisation	168,977	26,393	7,348	-	-	202,718
Other non-cash (income) / expenses	(230,314)	(5,643)	-	-	-	(235,957)
Income tax benefit	(866,825)	32,770	-	-	(52,991)	(887,046)
<b>30 June 2010</b>						
Segment assets	19,509,471	1,948,171	1,363,283	212,655	(8,984,016)	14,049,574
Acquisition of segment assets	91,614	141,338	447	-	-	233,399
Segment liabilities	2,437,549	1,512,931	2,369,475	1,711,226	(5,833,623)	2,197,558

**ISS GROUP LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**4 Dividends**

	Consolidated			
	31 December 2010		31 December 2009	
	Cents per share	Total \$	Cents per share	Total \$
<i>Dividends Paid</i>				
Final dividend on fully paid ordinary shares franked at 30%	0.5	676,041	-	-

*Dividends declared*

On 23 February 2011, the directors of the company declared an interim dividend (franked at 85.34%) of 0.5 cents per share to be paid to shareholders on 15<sup>th</sup> March 2011. As this dividend was declared after the period end it has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$686,540.

**5 Issued capital**

	Consolidated	
	31 December 2010 \$	30 June 2010 \$
<i>Ordinary shares</i>		
Issued and fully paid	14,887,349	14,478,800
	Number	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2010	135,208,097	14,478,800
Shares issued (i)	2,500,000	450,000
Share cancelled through buy – back	(400,000)	(41,451)
At 31 December 2010	137,308,097	14,887,349

- (i) The Company issued 2,500,000 fully paid ordinary shares at 18 cents each to the CEO of ISS Group, Mr Richard Pang. ISS Asia Pte Ltd has granted Mr Pang a loan of A\$450,000 to acquire the shares on commercial terms. The loan term is for five years at a commercial interest rate and is secured by a personal guarantee from Mr Pang.

**6 Contingent liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

**7 Events subsequent to reporting date**

No matters or circumstances have arisen since the end of the reporting date which significantly affected or may significantly affect the operations of the company and the consolidated entity, the results of those operations, or the state of affairs in future financial years.

**ISS GROUP LIMITED**  
**DIRECTORS' DECLARATION**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**DIRECTORS' DECLARATION**

In the opinion of the directors of ISS Group Limited ("the company"):

1. The financial statements and notes thereto, as set out on 5 to 13 are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Shane Attwell  
Managing Director

Perth WA  
24<sup>th</sup> February 2011

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ISS Group Limited

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ISS Group Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2010, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ISS Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ISS Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*HLB Mann Judd*

**HLB MANN JUDD**  
**Chartered Accountants**



**M R W OHM**  
**Partner**

**Perth, Western Australia**  
**24 February 2011**

# Appendix 4D

## Half year report Half-Year ended 31 December 2010

Introduced 1/1/2003

Name of entity

ISS GROUP LIMITED

ABN or equivalent company  
reference

27 109 443 852

**1. Half year ended (current period)      Half year ended ('previous  
corresponding period')**

31 December 2010	31 December 2009
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### 2. Results for announcement to the market

				\$A
2.1	Revenues & other income	down	10%	to 10,102,310
2.2	Profit from ordinary activities after tax attributable to members	down	81%	to 760,315
2.3	Net profit for the period attributable to members	down	81%	to 760,315
<b>Dividends (distributions)</b>				
		Amount per security		Franked amount per security
2.4	Final dividend ( <i>Preliminary final report only</i> )	N/A¢		N/A¢
2.4	Interim dividend ( <i>Half yearly report only</i> )	0.5 cents		85.34%
2.5	Record date for determining entitlements to the dividend	The directors have declared an interim dividend of 0.5 cents per share (partly franked at 85.34%). The record date for the interim dividend is the 7 <sup>th</sup> of March 2011, and the payment date 15 <sup>th</sup> of March 2011.		
2.6	Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.  Refer to review of operations report in the half year financial report.			

<b>3. NTA backing</b>		Current period	Previous corresponding Period
	Net tangible assets per security	9.27 cents	8.80 cents

#### **4. Control gained over entities having material effect**

4.1	Name of entity (or group of entities)	N/A
4.2	Date of gain of control	N/A
4.3	Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
4.3	Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

#### **Loss of control of entities having material effect**

4.1	Name of entity (or group of entities)	N/A
4.2	Date of loss of control	N/A
4.3	Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	\$ N/A
4.3	Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$ N/A

#### **5. Dividends / Distributions**

Date the dividend (distribution) is payable	N/A
Amount per security of foreign source dividend	N/A

## Total Dividends /Distributions

Ordinary securities

N/A

Preference securities

N/A

### 6. Dividend or distribution investment plans in operation:

Dividend Reinvestment Plan Operative

The last date(s) for receipt of election notices for the dividend or distribution reinvestment plans

## 7. Details of aggregate share of profits (losses) of associates and joint venture entities

Name of associate/joint venture:	N/A		
Holding in entity	N/A %		
<b>Group's share of associates' and joint venture entities':</b>	Current period \$A'000	Previous corresponding period - \$A'000	
Profit (loss) from ordinary activities before tax	N/A	N/A	
Income tax on ordinary activities	N/A	N/A	
<b>Profit (loss) from ordinary activities after tax</b>	N/A	N/A	
Extraordinary items net of tax	N/A	N/A	
<b>Net profit (loss)</b>	N/A	N/A	
Adjustments	N/A	N/A	
<b>Share of net profit (loss) of associates and joint venture entities</b>	N/A	N/A	
	N/A	N/A	

## 8. Foreign Entities

Which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

International Accounting Standards.

## 9. All Entities

A description of Accounts subject to audit dispute or qualification:

None