



Efficient

EFFICIENT E-SOLUTIONS BERHAD

(Company No. 632479-H)
(Incorporated in Malaysia under the Companies Act, 1965)

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE THIRD QUARTER ENDED

30 SEPTEMBER 2005

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2005
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	Individual Quarter		Cumulative Quarter	
	30.09.2005	30.09.2004	30.09.2005	30.09.2004
	RM	RM	RM	RM
Revenue	7,942,669	5,631,863	23,925,243	17,537,571
Cost of sales	<u>(4,318,338)</u>	<u>(2,981,654)</u>	<u>(13,647,713)</u>	<u>(10,117,663)</u>
Gross profit	3,624,331	2,650,209	10,277,530	7,419,908
Other operating income	-	-	57,958	1,945
Operating expenses	<u>(1,194,673)</u>	<u>(1,079,800)</u>	<u>(3,442,656)</u>	<u>(2,819,222)</u>
Profit from operations	2,429,658	1,570,409	6,892,832	4,602,631
Finance costs	(77,888)	(72,517)	(251,521)	(302,819)
Interest income	48,316	1,190	192,723	5,197
Share of profit from associated companies	<u>18,433</u>	<u>20,398</u>	<u>21,256</u>	<u>101,999</u>
Profit before taxation	2,418,519	1,519,480	6,855,290	4,407,008
Taxation	<u>(550,196)</u>	<u>(329,800)</u>	<u>(1,358,244)</u>	<u>(1,140,840)</u>
Profit after taxation	<u>1,868,323</u>	<u>1,189,680</u>	<u>5,497,046</u>	<u>3,266,168</u>
Weighted average number of ordinary share in issue				
- At par of RM0.10 each	120,000,020	90,000,020	120,000,020	90,000,020
Earnings per share (sen)				
(a) Basic	<u>1.56</u>	<u>1.32</u>	<u>4.58</u>	<u>3.63</u>
(b) Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)				

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CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2005

	As at 30.09.2005	Audited As at 31.12.2004
	RM	RM
Property, plant and equipment	19,904,140	18,325,312
Investment in associated companies	475,248	415,708
Deferred expenditure	-	813,838
Software development expenditure	475,908	262,836
CURRENT ASSETS		
Inventories	642,591	610,269
Trade receivables	13,006,076	5,762,358
Other receivables	416,002	280,976
Allotment monies with issuing house	-	18,722,793
Tax recoverable	146,026	71,144
Deposits with licensed banks	8,136,453	236,163
Cash and bank balances	1,521,366	624,578
	<u>23,868,514</u>	<u>26,308,281</u>
CURRENT LIABILITIES		
Trade payables	2,776,483	1,891,193
Other payables	1,547,504	7,201,537
Hire purchase creditors	1,401,650	609,406
Bank borrowings	657,229	835,950
Provision for taxation	8,998	-
	<u>6,391,864</u>	<u>10,538,086</u>
NET CURRENT ASSETS	<u>17,476,650</u>	<u>15,770,195</u>
	<u>38,331,946</u>	<u>35,587,889</u>
Share capital	12,000,002	12,000,002
Share premium	14,287,051	15,900,000
Reserve on consolidation	259,831	259,831
Retained profits	9,565,413	4,543,567
Shareholders' funds	<u>36,112,297</u>	<u>32,703,400</u>
Long term liabilities		
Bank Borrowings	543,236	991,476
Hire purchase creditors	276,294	492,894
Long term creditors	40,000	40,000
Deferred taxation	1,360,119	1,360,119
	<u>38,331,946</u>	<u>35,587,889</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	Share Capital RM	Share Premium RM	Retained Profits RM	Reserves RM	Total RM
<u>NINE MONTHS ENDED 30 SEPTEMBER 2004</u>					
As at 1 January 2004	2	-	(2,975)	-	(2,973)
Issuance during the period	9,000,000	-	-	-	9,000,000
Net profit for the period	-	-	3,266,168	-	3,266,168
As at 30 September 2004	<u>9,000,002</u>	<u>-</u>	<u>3,263,193</u>	<u>-</u>	<u>12,263,195</u>
<u>NINE MONTHS ENDED 30 SEPTEMBER 2005</u>					
As at 1 January 2005	12,000,002	15,900,000	4,543,567	259,831	32,703,400
Defray listing expenses	-	(1,612,949)	-	-	(1,612,949)
Dividends	-	-	(475,200)	-	(475,200)
Net profit for the period	-	-	5,497,046	-	5,497,046
As at 30 September 2005	<u>12,000,002</u>	<u>14,287,051</u>	<u>9,565,413</u>	<u>259,831</u>	<u>36,112,297</u>
(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)					

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2005

	9 months ended	
	30.09.2005	30.09.2004
	RM	RM
Cash flows from operating activities	(5,217,735)	4,622,040
Cash flows from investing activities	(4,190,078)	(11,660,591)
Cash flows from financing activities	<u>(526,517)</u>	<u>7,739,571</u>
Net change in cash and cash equivalents	(9,934,330)	701,020
Cash and cash equivalents at beginning of the period	19,347,371	2
Cash and cash equivalents at end of the period*	<u><u>9,413,041</u></u>	<u><u>701,022</u></u>
*Cash and cash equivalents at end of the period comprise the following:-		
Cash and bank balances	1,521,366	236,163
Deposits with licensed banks (Note)	<u>7,891,675</u>	<u>464,859</u>
	<u><u>9,413,041</u></u>	<u><u>701,022</u></u>
Note :		
The deposits with licensed banks exclude the security deposit of RM244,778 which has been pledged to the bank in respect of the banking facilities granted to the group.		
(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31 December 2004)		

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PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS134 : Interim Financial Reporting and Chapter 7 Part VI Rule 7.25 and 7.26 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2004.

A2 Auditors' Report on preceding annual financial statements

The auditors' report on the financial statements for year ended 31 December 2004 was not subject to any qualification.

A3 Seasonality or cyclicity of interim operations

The Group's operations are not materially affected by seasonal or cyclical factors during the quarter under review

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

A5 Material changes in estimates

There were no changes in estimates that have had a material effect for the current quarter's results.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review.

A7 Dividend paid

During the quarter under review, a dividend amounting to RM475,200 was paid on 18 August 2005 in respect of the first and final dividend of 5.5% less 28% income tax for the financial year ended 31 December 2004 which was approved during the Annual General Meeting held on 22 June 2005.

A8 Segmental information

Business Segment	Data and Document Processing	Software Development	Others	Elimination	Total
	RM	RM		RM	RM
External sales	20,671,518	3,253,725	-	-	23,925,243
Inter segment sales	-	540,000	1,215,000	(1,755,000)	-
Total operating revenue	20,671,518	3,793,725	1,215,000	(1,755,000)	23,925,243
Profit/(Loss) from operations	4,793,124	2,267,490	1,047,218	(1,215,000)	6,892,832
Finance costs					(251,521)
Interest income					192,723
Share of results of associated companies					21,256
Profit before taxation					6,855,290
Taxation					(1,358,244)
Net profit for the period					5,497,046

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PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

A9 Valuations of property, plant & equipment

The Group did not carry out any valuation on its property, plant and equipment in the current quarter under review.

A10 Material events subsequent to the end of the quarter

The Board is not aware of any material events subsequent to the end of the interim report that have not been reflected in the financial statements for the interim period.

A11 Changes in the composition of the Group

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

A12 Changes in contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets to the Group since the last annual balance sheet date.

A13 Capital commitments

There were no capital commitments since the last annual balance sheet date.

A14 Significant related party transactions

Related Transacting Parties	Related Parties and Relationship
PrinteGrate Sdn Bhd (PG)	Yeoh Lai Num is a Director and substantial shareholder of PG and the brother-in-law of Soon Yoke Leng who is a Director and substantial shareholder of Efficient E-Solutions Berhad.
VPI International Sdn Bhd (VPI) (Formerly known as Virtual Print International Sdn Bhd)	Dato' Kalimullah bin Masheerul Hassan is a Director and substantial shareholder of Efficient E-Solutions Berhad. He was a substantial shareholder of VPI until 14 June 2005.
	Sreedhar Subramaniam is a Director of Efficient E-Solutions Berhad and VPI.
	Datuk Syed Hussian bin Syed Junid is a Director of Efficient E-Solutions Berhad and VPI.

The related party transactions of the Group for the quarter ended 30 September 2005 are as follows:

	Individual Quarter 30.09.2005	Cumulative Quarter 30.09.2005
	RM	RM
Purchases of pressure seal forms from PG	503,984	1,765,463
License fee and management/administration fees from VPI	72,000	216,000
Software application development for data and document processing and electronic bill presentment fee from VPI	420,000	3,120,000

The Directors of the Company are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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PART B - EXPLANATORY NOTES PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Performance Review

The Group's revenue and profit before taxation (including share of results of associated companies) for the nine-month period of RM23.9m and RM6.8m respectively represented growth of 36% and 56% compared to the corresponding period last year. The growth in revenue and profit before tax was mainly attributable to the increase in volume of data printing from existing customers, new contracts secured by the Group, as well as higher margin software application development services rendered relating to data and document processing and electronic bill presentment.

B2 Material changes in profit before taxation for the current quarter as compared with the preceding quarter

The Group's profit before taxation for the current quarter decreased by approximately 10% compared to the preceding quarter mainly due to lower development fees receivable for additional software application development for data and document processing and electronic bill presentment services recognised in the current quarter.

B3 Current year prospects

With continuous growth in the data and document processing segment, the Directors believe that the Group is able to achieve positive results for the financial year ending 31 December 2005.

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter 30.09.2005	Cumulative Quarter 30.09.2005
	RM	RM
Income tax expense		
-Group	528,528	1,316,528
-Associated companies	21,668	41,716
	550,196	1,358,244

The effective tax rates for the periods presented above are lower than the statutory tax rate principally due to exempt income granted to Efficient Softech Sdn Bhd, a Multimedia Super Corridor status company.

B6 Sale of unquoted investments and properties

There were no sale of unquoted investments and properties for the current quarter under review.

B7 Marketable securities

There were no purchases and disposals of quoted securities for the current quarter under review.

B8 Corporate proposals

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

Status of Utilisation of Proceeds

As at 23 November 2005, the proceeds arising from the public issue of RM18,900,000 were utilised as follows:

Purpose of Proceeds	Proposed Utilisation	Amount Utilised	Balance
	RM	RM	RM
R&D expenditure	2,000,000	433,975	1,566,025
New facility in Shah Alam	6,000,000	4,808,131	1,191,869
Branding & promotion	600,000	-	600,000
Working capital	8,700,000	4,822,192	3,877,808
Defray listing expenses	1,600,000	1,550,913	49,087
	18,900,000	11,615,211	7,284,789

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B9 Borrowings and debt securities

The Group's total borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 30 September 2005 were as follows :

	Short term	Long term	Total
	RM	RM	RM
Bank borrowings	657,229	543,236	1,200,465
Hire purchase creditors	1,401,650	276,294	1,677,944
Total	2,058,879	819,530	2,878,409

B10 Off Balance Sheet financial instruments

The Group had not entered into any contracts involving off balance sheet financial instruments as at the date of this interim report.

B11 Changes in material litigation

There were no material litigation during the quarter under review.

B12 Dividend

The Board of Directors has declared a first interim dividend of 10% less 28% income tax per ordinary share of RM0.10 each for the financial year ending 31 December 2005. There was no interim dividend declared in the previous corresponding period for the financial year ended 31 December 2004. The first interim dividend is payable on 20 January 2006. The book closure and entitlement date will fall on 9 January 2006.

B13 Earnings per share

	Individual Quarter 30.09.2005	Cumulative Quarter 30.09.2005
	RM	RM
Net profit after taxation for the period	1,868,323	5,497,046
Weighted average number of ordinary shares in issue	120,000,020	120,000,020
Earnings per share (sen)		
(a) basic	1.56	4.58
(b) diluted	N/A	N/A