



**Efficient**

**EFFICIENT E-SOLUTIONS BERHAD**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**FOR THE FIRST QUARTER ENDED**

**31 MARCH 2006**

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2006  
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006

	Individual Quarter		Cumulative Quarter	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
	RM	RM (restated)	RM	RM (restated)
Revenue	12,053,750	7,014,727	12,053,750	7,014,727
Cost of sales	<u>(7,160,669)</u>	<u>(4,118,035)</u>	<u>(7,160,669)</u>	<u>(4,118,035)</u>
Gross profit	4,893,081	2,896,692	4,893,081	2,896,692
Other income	31	57,958	31	57,958
Operating expenses	<u>(1,505,253)</u>	<u>(1,214,929)</u>	<u>(1,505,253)</u>	<u>(1,214,929)</u>
Profit from operations	3,387,859	1,739,721	3,387,859	1,739,721
Finance costs	(88,577)	(87,311)	(88,577)	(87,311)
Interest income	27,930	74,122	27,930	74,122
Share of profit of associates	<u>129,203</u>	<u>25,383</u>	<u>129,203</u>	<u>25,383</u>
Profit before tax	3,456,415	1,751,915	3,456,415	1,751,915
Income tax expense	<u>(538,702)</u>	<u>(448,354)</u>	<u>(538,702)</u>	<u>(448,354)</u>
Profit for the period	<u>2,917,713</u>	<u>1,303,561</u>	<u>2,917,713</u>	<u>1,303,561</u>
Attributable to :				
Equity holders of the parent	2,917,713	1,303,561	2,917,713	1,303,561
Minority Interest	-	-	-	-
	<u>2,917,713</u>	<u>1,303,561</u>	<u>2,917,713</u>	<u>1,303,561</u>
Earnings per share attributable to equity holders of the parent :				
(a) Basic ( sen )	<u>2.43</u>	<u>1.09</u>	<u>2.43</u>	<u>1.09</u>
(b) Diluted ( sen )	<u>2.38</u>	<u>N/A</u>	<u>2.38</u>	<u>N/A</u>

( The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2006  
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2006

	As at 31.03.2006	As at 31.12.2005
	RM	RM (restated)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	19,174,766	19,392,556
Prepaid lease payments	382,039	382,039
Investments in associates	1,471,536	1,242,333
Software development expenditure	620,020	547,964
	<u>21,648,361</u>	<u>21,564,892</u>
<b>Current assets</b>		
Inventories	755,244	718,877
Trade receivables	19,478,522	13,540,660
Other receivables	626,335	2,452,920
Tax recoverable	22,991	134,224
Deposits with licensed banks	4,275,169	5,751,485
Cash and bank balances	975,463	2,142,857
	<u>26,133,724</u>	<u>24,741,023</u>
<b>Total assets</b>	<u>47,782,085</u>	<u>46,305,915</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	12,000,002	12,000,002
Share premium	14,287,051	14,287,051
Retained profits	13,808,454	10,890,741
	<u>40,095,507</u>	<u>37,177,794</u>
<b>Minority Interest</b>	-	-
<b>Total equity</b>	<u>40,095,507</u>	<u>37,177,794</u>
<b>Non-current liabilities</b>		
Bank Borrowings	366,176	411,482
Hire purchase creditors	783,067	775,525
Long term creditors	20,000	20,000
Deferred tax liabilities	1,545,119	1,545,119
	<u>2,714,362</u>	<u>2,752,126</u>
<b>Current liabilities</b>		
Trade payables	3,059,943	2,612,022
Other payables	605,975	1,592,535
Hire purchase creditors	725,601	699,658
Bank borrowings	454,102	607,780
Provision for taxation	126,595	-
Dividend Payable	-	864,000
	<u>4,972,216</u>	<u>6,375,995</u>
<b>Total liabilities</b>	<u>7,686,578</u>	<u>9,128,121</u>
<b>Total equity and liabilities</b>	<u>47,782,085</u>	<u>46,305,915</u>

( The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.)

EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2006  
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2006

	Attributable to equity holders of the parent					Minority Interest	Total Equity
	Share Capital	Share Premium	Retained Profits	Reserves	Total		
	RM	RM	RM	RM	RM	RM	RM
<b>FINANCIAL QUARTER ENDED 31 MARCH 2005</b>							
As at 1 January 2005	12,000,002	15,900,000	4,543,567	259,831	32,703,400	-	32,703,400
Defray listing expenses recognised directly in equity	-	(1,445,759)	-	-	(1,445,759)	-	(1,445,759)
Net profit for the period	-	-	1,303,561	-	1,303,561	-	1,303,561
Total recognised income and expense for the period	-	(1,445,759)	1,303,561	-	(142,198)	-	(142,198)
As at 31 March 2005	12,000,002	14,454,241	5,847,128	259,831	32,561,202	-	32,561,202
<b>FINANCIAL QUARTER ENDED 31 MARCH 2006</b>							
As at 1 January 2006	12,000,002	14,287,051	10,630,910	259,831	37,177,794	-	37,177,794
Prior year adjustments	-	-	-	-	-	-	-
- effects of adopting FRS 3	-	-	259,831	(259,831)	-	-	-
As at 1 January 2006 ( restated )	12,000,002	14,287,051	10,890,741	-	37,177,794	-	37,177,794
Net profit for the period	-	-	2,917,713	-	2,917,713	-	2,917,713
Total recognised income and expense for the period	-	-	2,917,713	-	2,917,713	-	2,917,713
As at 31 March 2006	12,000,002	14,287,051	13,808,454	-	40,095,507	-	40,095,507

( The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements. )

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2006**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2006**

	As at 31.3.2006	As at 31.3.2005
	RM	RM
Net cash used in operating activities	(1,080,985)	(5,966,984)
Net cash used in investing activities	(533,226)	(3,641,413)
Net cash used in financing activities	<u>(1,029,499)</u>	<u>879,677</u>
Net change in cash and cash equivalents	(2,643,710)	(8,728,720)
Cash and cash equivalents at beginning of the financial period	7,649,564	19,583,534
Cash and cash equivalents at end of the financial period*	<u><u>5,005,854</u></u>	<u><u>10,854,814</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	975,463	567,212
Deposits with licensed banks ( Note )	<u>4,030,390</u>	<u>10,287,602</u>
	<u><u>5,005,853</u></u>	<u><u>10,854,814</u></u>
Note :		
The deposits with licensed banks exclude the security deposit of RM244,779 which has been pledged to the bank in respect of the banking facilities granted to the group.		
( The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.)		

**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 9 Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ( "FRS" ) effective for financial period beginning 1 January 2006 :

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

In addition to the above, the Group has also taken the option of early adoption of the following new/revised FRSs for the financial period beginning 1 January 2006 :

FRS 117	Leases
FRS 124	Related Party Disclosures

The adoption of FRS 2,102,108,110,116,121,124,127,128,132,133,136 and 138 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below :

**(a) FRS 3 : Business Combinations**

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions ( previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit & loss. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM259,831 was derecognised with a corresponding increase in retained earnings.

**(b) FRS 101 : Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interest are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS101, with the comparatives restated to conform with the current period's presentation.

**(c) FRS 117 : Leases**

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight line basis over the lease term. A lease of the land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values for the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2006, leasehold land was classified as property, plant and equipment and was stated at cost less accumulated depreciation.

Upon the adoption of the revised FRS 117 at 1 January 2006, the unamortised amount of leasehold land is retained as surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and the comparative amounts as at 31 December 2005 have been restated.

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

The following comparatives amounts have been restated due to the adoption of new and revised FRSs :

	Previously	Adjustments			Restated
	stated	FRS 3	FRS 101	FRS 117	
	RM	RM	RM	RM	RM
<b>At 31 December 2005</b>					
Property, plant and equipment	19,774,595			(382,039)	19,392,556
Prepaid lease payment	-			382,039	382,039
Retained earnings	10,630,910	259,831			10,890,741
Reserve on consolidation	259,831	(259,831)			-
<b>1st quarter ended 31 March 2005</b>					
Share of profit of associates	31,729		(6,346)		25,383
Profit before taxation	1,758,261		(6,346)		1,751,915
Taxation	454,700		(6,346)		448,354

**A2 Auditors' Report on preceding annual financial statements**

The auditors' report on the financial statements for year ended 31 December 2005 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 current 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 current quarter under review.

**A5 Material changes in estimates**

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

**A6 Debt and equity securities**

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

**A7 Dividend paid**

During the quarter under review, a dividend amounting to RM864,000 was paid on 20 January 2006 in respect of the first interim dividend of 10% less 28% income tax for the financial year ended 31 December 2005.

**A8 Segmental information**

Segmental results for the financial period ended 31 March 2006 are as follows:

Business Segment	Data and Document Processing	Software Development	Others	Elimination	Total
	RM	RM	RM	RM	RM
External sales	8,303,842	3,749,908	-	-	12,053,750
Inter segment sales	-	398,800	-	(398,800)	-
Total operating revenue	8,303,842	4,148,708	-	(398,800)	12,053,750
Profit/(Loss) from operations	1,984,591	1,456,483	(53,215)	-	3,387,859
Finance costs					(88,577)
Interest income					27,930
Share of profit of associates					129,203
Profit before taxation					3,456,415
Income tax expense					(538,702)
Profit for the period					2,917,713

**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 during 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 current quarter that have not been reflected in the financial statements as at 31 March 2006.

**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 changes in the contingent liabilities and contingent assets of the Group since the last annual balance sheet date as at 31 December 2005.

**A13 Capital commitments**

There were no capital commitments since the last annual balance sheet date as at 31 December 2005.

**A14 Significant related party transactions**

<b>Related Transacting Parties</b>	<b>Related Parties and Relationship</b>
Printegrate Sdn Bhd (PG)	PG is deemed related to the Group by virtue of Yeoh Lai Num's directorship and shareholding in PG. Yeoh Lai Num is the brother-in-law of Esther 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)	VPI is deemed related to the Group by virtue of Sreedhar Subramaniam's, Datuk Syed Hussian bin Syed Junid's and Shaik Aqmal bin Shaik Allaudin's common directorship in VPI and Efficient E-Solutions Berhad as well as Dato' Kalimullah bin Masheerul Hassan's common interest in VPI and Efficient E-Solutions Berhad. However, Dato' Kalimullah bin Masheerul Hassan ceased to be a shareholder of VPI from 14 June 2005.

The related party transactions of the Group for the quarter ended 31 March 2006 are as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31.3.2006</b>	<b>31.3.2005</b>	<b>31.3.2006</b>	<b>31.3.2005</b>
	RM	RM	RM	RM
Purchases of pressure seal forms from PG	755,665	908,807	755,665	908,807
Provision of data and documents processing services to VPI	498,750	478,200	498,750	478,200
Billing of license fee for the usage of e-TALK and e-DOC software applications to VPI	72,000	72,000	72,000	72,000
Provision of software application development for data and document processing as well as data capture and conversion services to VPI	3,713,908	-	3,713,908	-

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.



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

**B1 Performance Review**

The Group's revenue and profit for the period of RM12.1m and RM2.9m respectively represented growth of 72% and 124% compared to the corresponding period last year. The growth in revenue and profit for the period was mainly attributable to the increase in volume of data printing from existing customers as well as increase in software application development services rendered in relation to data capture and conversion projects.

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

The group has recorded higher profit before taxation by RM1.1m in the current quarter as compared to the preceding quarter. These increase in profit before taxation of 51% was mainly due to the factors mentioned in the note B1 above.

**B3 Current year prospects**

Barring unforeseen circumstances, the group expects continued earnings growth with higher revenue generated from the data and document processing segment as well as software development segment.

**B4 Profit forecast or profit guarantee**

This note is not applicable.

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	31.3.2006	31.3.2005	31.3.2006	31.3.2005
	RM	RM	RM	RM
Current tax	538,702	448,354	538,702	448,354
Deferred tax	-	-	-	-
	538,702	448,354	538,702	448,354

The effective tax rates for the current quarter was 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**

**(a) Proposed Bonus Issue**

On 26 April 2006, the Board of Directors of Efficient announced the proposed bonus issue of up to 198,000,030 new ordinary shares of RM0.10 each in Efficient E-Solutions Berhad ( "Efficient" ) ( " Bonus Shares" ) on the basis of 3 Bonus Shares for every 2 existing ordinary shares of RM0.10 each in Efficient ( "Shares" ) ( Proposed Bonus Issue" ).

On a proforma basis and based on Efficient's audited accounts as at 31 December 2005, the Proposed Bonus Issue is to be capitalised from the entire share premium account of RM14,287,051 and the balance of up to RM5,512,952 from the unappropriated profits of Efficient. As at 31 December 2005, the Group's audited share premium account and unappropriated profits account stood at RM14,287,051 and RM10,630,910 respectively.

The Proposed Bonus Issue will provide existing shareholders with greater participation in the Company's equity in terms of the number of Shares held and increase the share capital of Efficient to a level, which would be more reflective of the existing operations and assets of Efficient and its subsidiaries.

The Proposed Bonus Issue is still pending the approval from the Bursa Malaysia Securities Berhad and the shareholders of Efficient.

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

**(b) Proposed Increase in Authorised Share Capital**

On 26 April 2006, the Board of Directors of Efficient announced the proposed increase in the authorised share capital of Efficient from RM25,000,000 comprising 250,000,000 Shares to RM50,000,000 comprising 500,000,000 Shares.

The present authorised share capital of the Company is RM25,000,000 comprising 250,000,000 Shares. In order to accommodate the Proposed Bonus Issue and to provide for any future issue of new Shares, the Board has proposed that the authorised share capital of Efficient be increased to RM50,000,000 comprising 500,000,000 Shares.

The Proposed Increase in Authorised Share Capital is still pending the approval from the shareholders of Efficient.

**(c) Status of Utilisation of Proceeds**

As at 24 May 2006, the proceeds arising from the public issue of RM18,900,000 were utilised as follows:

<b>Purpose of Proceeds</b>	<b>Proposed Utilisation</b>	<b>Amount Utilised</b>	<b>Balance</b>
	RM	RM	RM
R&D expenditure	2,000,000	1,152,419	847,581
New facility in Shah Alam	6,000,000	4,898,134	1,101,866
Branding & promotion	600,000	65,260	534,740
Working capital	8,700,000	7,966,546	733,454
Defray listing expenses	1,600,000	1,600,000	-
	<b>18,900,000</b>	<b>15,682,359</b>	<b>3,217,641</b>

**B9 Borrowings and debt securities**

The Group's total borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 31 March 2006 were as follows :

	<b>Short term</b>	<b>Long term</b>	<b>Total</b>
	RM	RM	RM
Secured bank borrowings	454,102	366,176	820,278
Hire purchase creditors	725,601	783,067	1,508,668
Total	<b>1,179,703</b>	<b>1,149,243</b>	<b>2,328,946</b>

**B10 Off Balance Sheet financial instruments**

There were no off balance sheet financial instruments as at 24 May 2006.

**B11 Changes in material litigation**

There were no material litigation as at 24 May 2006.

**B12 Dividend**

No dividend has been declared for the financial period ended 31 March 2006 ( 31 March 2005 : Nil ).

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

**B13 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	31.3.2006	31.3.2005	31.3.2006	31.3.2005
	RM	RM	RM	RM
<b>Basic Earnings Per Share</b>				
Profit attributable to ordinary equity holders of the parent	2,917,713	1,303,561	2,917,713	1,303,561
Weighted average number of ordinary shares in issue	120,000,020	120,000,020	120,000,020	120,000,020
Basic EPS (sen)	2.43	1.09	2.43	1.09
<b>Diluted Earnings Per Share</b>				
Profit attributable to ordinary equity holders of the parent	2,917,713		2,917,713	
Weighted average number of ordinary shares in issue	120,000,020		120,000,020	
Effect of dilution of share options	2,540,958		2,540,958	
Adjusted weighted average number of ordinary shares in issue and issuable	122,540,978	-	122,540,978	-
Diluted EPS (sen)	2.38	N/A	2.38	N/A

**B14 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 May 2006