



Efficient

EFFICIENT E-SOLUTIONS BERHAD

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS

FOR THE FOURTH QUARTER ENDED

31 DECEMBER 2006

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2006

	Individual Quarter		Cumulative Quarter	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM	RM (restated)	RM	RM (restated)
Revenue	11,735,088	7,199,469	43,012,509	31,124,712
Cost of sales	<u>(5,357,220)</u>	<u>(4,118,384)</u>	<u>(21,613,781)</u>	<u>(17,766,097)</u>
Gross profit	6,377,868	3,081,085	21,398,728	13,358,615
Other income	-	-	-	57,958
Operating expenses	<u>(2,033,623)</u>	<u>(1,223,666)</u>	<u>(7,114,300)</u>	<u>(4,666,322)</u>
Profit from operations	4,344,245	1,857,419	14,284,428	8,750,251
Finance costs	(129,849)	(78,799)	(532,836)	(330,320)
Interest income	14,083	49,778	87,923	242,501
Share of profit of associates	<u>(423,318)</u>	<u>467,086</u>	<u>162,975</u>	<u>446,626</u>
Profit before tax	3,805,161	2,295,484	14,002,490	9,109,058
Income tax expense	<u>(645,480)</u>	<u>(365,983)</u>	<u>(1,888,671)</u>	<u>(1,682,511)</u>
Profit for the period	<u>3,159,681</u>	<u>1,929,501</u>	<u>12,113,819</u>	<u>7,426,547</u>
Attributable to :				
Equity holders of the parent	3,159,681	1,929,501	12,113,819	7,426,547
Minority Interest	-	-	-	-
	<u>3,159,681</u>	<u>1,929,501</u>	<u>12,113,819</u>	<u>7,426,547</u>
Earnings per share attributable to equity holders of the parent :				
(a) Basic (sen)	<u>1.05</u>	<u>0.64</u>	<u>4.04</u>	<u>2.48</u>
(b) Diluted (sen)	<u>0.99</u>	<u>0.63</u>	<u>3.81</u>	<u>2.42</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 DECEMBER 2006
THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2006

	As at 31.12.2006	As at 31.12.2005
	RM	RM (restated)
ASSETS		
Non-current assets		
Property, plant and equipment	25,588,436	19,391,359
Prepaid lease payments	378,446	383,236
Investments in associates	1,584,288	1,242,333
Software development expenditure	779,619	547,964
Goodwill arising from consolidation	1,582,719	-
	<u>29,913,508</u>	<u>21,564,892</u>
Current assets		
Inventories	1,033,165	718,877
Trade receivables	22,386,941	13,540,660
Other receivables	1,008,208	2,452,920
Tax recoverable	22,466	134,224
Deposits with licensed banks	417,022	5,751,485
Short Term Investment	1,000,000	-
Cash and bank balances	5,701,369	2,142,857
	<u>31,569,171</u>	<u>24,741,023</u>
Total assets	<u>61,482,679</u>	<u>46,305,915</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	30,031,255	12,000,002
Share premium	27,300	14,287,051
Retained profits	18,245,714	10,890,741
	<u>48,304,269</u>	<u>37,177,794</u>
Minority Interest	-	-
Total equity	<u>48,304,269</u>	<u>37,177,794</u>
Non-current liabilities		
Bank Borrowings	1,161,501	411,482
Hire purchase creditors	1,938,426	775,525
Long term creditors	20,000	20,000
Deferred tax liabilities	1,684,623	1,545,119
	<u>4,804,550</u>	<u>2,752,126</u>
Current liabilities		
Trade payables	2,920,780	2,612,022
Other payables	1,039,090	1,592,535
Hire purchase creditors	2,302,093	699,658
Bank borrowings	628,402	607,780
Provision for taxation	432,401	-
Dividend Payable	1,051,094	864,000
	<u>8,373,860</u>	<u>6,375,995</u>
Total liabilities	<u>13,178,410</u>	<u>9,128,121</u>
Total equity and liabilities	<u>61,482,679</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 DECEMBER 2006
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 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
FINANCIAL YEAR ENDED 31 DECEMBER 2005							
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	-	(1,612,949)	-	-	(1,612,949)	-	(1,612,949)
Net profit for the period	-	-	7,426,543	-	7,426,543	-	7,426,543
Total recognised income and expense for the period	-	(1,612,949)	7,426,543	-	5,813,594	-	5,813,594
Dividends	-	-	(1,339,200)	-	(1,339,200)	-	(1,339,200)
As at 31 December 2005	12,000,002	14,287,051	10,630,910	259,831	37,177,794	-	37,177,794
FINANCIAL YEAR ENDED 31 DECEMBER 2006							
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	-	-	259,831	(259,831)	-	-	-
- 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	-	-	12,113,819	-	12,113,819	-	12,113,819
Total recognised income and expense for the period	-	-	12,113,819	-	12,113,819	-	12,113,819
Issuance of ordinary shares pursuant to ESOS	28,250	35,500	-	-	63,750	-	63,750
Issuance of bonus shares	18,003,003	(14,295,251)	(3,707,752)	-	-	-	-
Dividends	-	-	(1,051,094)	-	(1,051,094)	-	(1,051,094)
As at 31 December 2006	30,031,255	27,300	18,245,714	-	48,304,269	-	48,304,269

(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 DECEMBER 2006
 THE FIGURES HAVE NOT BEEN AUDITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2006

	As at 31.12.2006 RM	As at 31.12.2005 RM
Net cash generated from / (used in) operating activities	7,983,736	(5,816,706)
Net cash used in investing activities	(6,301,587)	(4,950,619)
Net cash used in financing activities	<u>(3,556,515)</u>	<u>(930,482)</u>
Net change in cash and cash equivalents	(1,874,366)	(11,697,807)
Cash and cash equivalents at beginning of the financial period	7,649,564	19,347,371
Cash and cash equivalents at end of the financial period*	<u>5,775,198</u>	<u>7,649,564</u>

*Cash and cash equivalents at end of the financial period comprise the following:-

Cash and bank balances	5,701,369	2,142,857
Bank overdraft	(90,336)	-
Deposits with licensed banks (Note)	<u>164,165</u>	<u>5,506,707</u>
	<u>5,775,198</u>	<u>7,649,564</u>

Note :

The deposits with licensed banks exclude the security deposit of RM252,857 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 Accounting 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.

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

(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.

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

	Previously stated RM	Adjustments			Restated RM
		FRS 3 RM	FRS 101 RM	FRS 117 RM	
At 31 December 2005					
Property, plant and equipment	19,774,595			(383,236)	19,391,359
Prepaid lease payment	-			383,236	383,236
Retained earnings	10,630,910	259,831			10,890,741
Reserve on consolidation	259,831	(259,831)			-
Year ended 31 December 2005					
Share of profit of associates	612,808		(166,182)		446,626
Profit before taxation	9,275,240		(166,182)		9,109,058
Taxation	1,848,693		(166,182)		1,682,511

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 except for the following :

Employee Share Options Scheme ("ESOS")

During the current quarter, the Company issued 212,500 ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at exercise price of RM0.204.

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

A7 Dividend paid

There was no dividend paid for the current quarter under review.

A8 Segmental information

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

Business Segment	Data and Document Processing	Software Development	Forms Printing	Others	Elimination	Total
	RM	RM	RM	RM	RM	RM
External sales	31,439,761	11,360,148	212,600	-	-	43,012,509
Inter segment sales	-	1,837,300	297,135	-	(2,134,435)	-
Total operating revenue	31,439,761	13,197,448	509,735	-	(2,134,435)	43,012,509
Profit/(Loss) from operations	6,550,931	7,886,111	272,696	(397,710)	(27,600)	14,284,428
Finance costs						(532,836)
Interest income						87,923
Share of profit of associates						162,975
Profit before taxation						14,002,490
Income tax expense						(1,888,671)
Profit for the period						12,113,819
						-

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 December 2006.

A11 Changes in the composition of the Group

- (a) During the current quarter under review, Efficient E-Solutions Berhad (E-Sol) had on 4 October 2006, subscribed for 580,000 ordinary shares of RM1/- each of the issued and paid-up share capital of Regalia Records Management Sdn Bhd (RRM) at par. Upon subscribing the above mentioned shares, E-Sol's shareholding in RRM has increased from 20% to 30%.

RRM was incorporated on 13 February 2006. Its issued and paid-up share capital is RM2,000,000. RRM is established to carry out business of providing records management solutions and its related services.

RRM is currently dormant.

- (b) During the current quarter under review, a wholly-owned subsidiary of Efficient E-Solutions Berhad (E-Sol), Efficient MailCom Sdn Bhd (EMC) had on 30 October 2006, acquired 80,000 ordinary shares of RM1/- each, representing 80% of the equity interest in Printegrate Sdn Bhd (PG), for a cash consideration of RM2,080,000. Upon completion of the acquisition, PG has become a wholly-owned subsidiary of EMC.

PG was incorporated on 28 September 2000. Its issued and paid up share capital is RM100,000. PG is principally involved in the printing of pressure seal forms.

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.

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

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

Related Transacting Parties	Related Parties and Relationship
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. Upon the acquisition on 30 October 2006, PG is now a wholly-owned subsidiary of Efficient MailCom Sdn Bhd, a wholly-owned subsidiary of Efficient E-Solutions Berhad.
VPI International Sdn Bhd (VPI)	VPI is deemed related to the Group by virtue of Shaik Aqmal bin Shaik Allaudin's common directorship in VPI and Efficient E-Solutions Berhad and he is also a substantial shareholder in VPI.

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

	Individual Quarter		Cumulative Quarter	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM	RM	RM	RM
Purchases of pressure seal forms from PG	220,697	466,370	1,683,837	2,231,833
Provision of data and documents processing services to VPI	-	-	595,950	838,200
Management fee for the provision of project management / administration of data and document processing services to VPI	36,000	36,000	144,000	144,000
Billing of license fee for the usage of e-TALK and e-DOC software applications to VPI	-	36,000	72,000	144,000
Provision of software application development for data and document processing as well as data capture and conversion services to VPI	3,231,260	500,000	11,287,798	3,620,000

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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THE FIGURES HAVE NOT BEEN AUDITED

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 year ended 31 December 2006 of RM43.0 million and RM12.1 million respectively represented growth of 38% and 63% compared to the previous year. The growth in revenue and profit for the year was mainly attributable to increase in data printing's volume from existing customers, and software application development services rendered in relation to data capture and conversion.

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

The Group recorded higher profit before taxation by RM0.7 million in the current quarter as compared to the preceding quarter. The increase in profit before taxation of 21% was due mainly to increase in data printing's volume and software application development services rendered as mentioned in the note B1 above.

B3 Current year prospects

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

B4 Profit forecast or profit guarantee

This note is not applicable.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM	RM	RM	RM
Current tax	529,736	180,983	1,772,927	1,497,511
Deferred tax	115,744	185,000	115,744	185,000
	645,480	365,983	1,888,671	1,682,511

The effective tax rates for current quarter and financial year were lower than the statutory tax rate due principally 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.

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

B8 Corporate proposals

There were no corporate proposals announced as at the date of this announcement.

Status of Utilisation of Proceeds

As at 26 February 2007, 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	1,672,176	327,824
New facility in Shah Alam	6,000,000	6,000,000	-
Branding & promotion	600,000	106,181	493,819
Working capital	8,700,000	8,700,000	-
Defray listing expenses	1,600,000	1,600,000	-
	18,900,000	18,078,357	821,643

B9 Borrowings and debt securities

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

	Short term	Long term	Total
	RM	RM	RM
Secured bank borrowings	628,402	1,161,501	1,789,903
Hire purchase creditors	2,302,093	1,938,426	4,240,519
Total	2,930,495	3,099,927	6,030,422

B10 Off Balance Sheet financial instruments

There were no off balance sheet financial instruments as at 26 February 2007.

B11 Changes in material litigation

There were no material litigation as at 26 February 2007.

B12 Dividend

The Board of Directors has declared a first interim tax exempt dividend of 3.5% per ordinary share of RM0.10 each for the financial year ended 31 December 2006. The dividend was payable on 15 January 2007 and the book closure and entitlement date was on 18 December 2006.

A first interim dividend of 10% less 28% income tax per ordinary share of RM0.10 each was declared for the financial year ended 31 December 2005.

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

B13 Earnings per share

	Individual Quarter		Cumulative Quarter	
	31.12.2006	31.12.2005	31.12.2006	31.12.2005
	RM	RM	RM	RM
Basic Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	3,159,681	1,929,501	12,113,819	7,426,547
Weighted average number of ordinary shares in issue	300,062,790	300,000,050	300,062,790	300,000,050
Basic EPS (sen)	1.05	0.64	4.04	2.48
Diluted Earnings Per Share				
Profit attributable to ordinary equity holders of the parent	3,159,681	1,929,501	12,113,819	7,426,547
Weighted average number of ordinary shares in issue	300,062,790	300,000,050	300,062,790	300,000,050
Effect of dilution of share options	17,702,870	6,279,070	17,702,870	6,279,070
Adjusted weighted average number of ordinary shares in issue and issuable	317,765,660	306,279,120	317,765,660	306,279,120
Diluted EPS (sen)	0.99	0.63	3.81	2.42

The Basic EPS for prior year was calculated based on the profit attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue of 120,000,020.

The weighted average of ordinary shares in issue for prior year has been adjusted for the proportionate change in the number of ordinary shares to reflect the bonus issue allotted during the current financial year.

The bonus issue of up to 198,000,030 new ordinary shares of RM0.10 each in Efficient E-Solutions Berhad on the basis of 3 bonus shares for every 2 existing ordinary shares of RM0.10 each was successfully allotted on 24 July 2006 and listed on the Mesdaq Market of Bursa Malaysia Securities Berhad on 8 August 2006.

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 23 February 2007.