



**Efficient**

**EFFICIENT E-SOLUTIONS BERHAD**

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS**

**FOR THE SECOND QUARTER ENDED**

**30 JUNE 2007**

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2007**  
**THE FIGURES HAVE NOT BEEN AUDITED**

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2007**

	Individual Quarter		Cumulative Quarter	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM	RM	RM	RM
Revenue	12,719,718	9,357,228	26,094,517	21,411,009
Cost of sales	<u>(6,103,035)</u>	<u>(4,422,783)</u>	<u>(12,153,750)</u>	<u>(11,583,452)</u>
Gross profit	6,616,683	4,934,445	13,940,767	9,827,557
Other income	-	-	-	-
Operating expenses	<u>(2,658,023)</u>	<u>(1,786,949)</u>	<u>(5,461,290)</u>	<u>(3,292,202)</u>
Profit from operations	3,958,660	3,147,496	8,479,477	6,535,355
Finance costs	(63,957)	(8,236)	(167,767)	(96,813)
Interest income	-	23,249	2,797	51,179
Share of profit of associates	<u>148,762</u>	<u>440,078</u>	<u>51,911</u>	<u>569,281</u>
Profit before tax	4,043,465	3,602,587	8,366,418	7,059,002
Income tax expense	<u>(531,667)</u>	<u>(370,007)</u>	<u>(1,091,759)</u>	<u>(908,709)</u>
Profit for the period	<u>3,511,798</u>	<u>3,232,580</u>	<u>7,274,659</u>	<u>6,150,293</u>
Attributable to :				
Equity holders of the parent	3,511,798	3,232,580	7,274,659	6,150,293
Minority Interest	-	-	-	-
	<u>3,511,798</u>	<u>3,232,580</u>	<u>7,274,659</u>	<u>6,150,293</u>
Earnings per share attributable to equity holders of the parent :				
(a) Basic ( sen )	<u>1.07</u>	<u>1.08</u>	<u>2.22</u>	<u>2.05</u>
(b) Diluted ( sen )	<u>1.05</u>	<u>1.03</u>	<u>2.20</u>	<u>1.97</u>
( The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.)				

**EFFICIENT E-SOLUTIONS BERHAD (Company No. 632479-H)**  
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**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2007**

	As at 30.06.2007	As at 31.12.2006
	RM	RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	27,654,259	25,588,433
Prepaid lease payments	376,051	378,446
Investments in associates	2,236,199	1,584,288
Software development expenditure	773,975	779,619
Goodwill arising from consolidation	1,582,719	1,582,719
	<u>32,623,203</u>	<u>29,913,505</u>
<b>Current assets</b>		
Inventories	1,416,608	1,033,165
Trade receivables	21,628,794	22,386,941
Other receivables	2,131,105	1,007,974
Tax recoverable	47,326	22,467
Short term Investment	5,000,000	-
Deposits with licensed banks	4,419,819	417,022
Cash and bank balances	7,065,300	6,701,369
	<u>41,708,952</u>	<u>31,568,938</u>
<b>Total assets</b>	<u>74,332,155</u>	<u>61,482,443</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	32,877,505	30,031,255
Share premium	2,987,400	27,300
Share based reserve	254,234	-
Retained profits	25,520,372	18,245,713
	<u>61,639,511</u>	<u>48,304,268</u>
<b>Minority Interest</b>	-	-
<b>Total equity</b>	<u>61,639,511</u>	<u>48,304,268</u>
<b>Non-current liabilities</b>		
Hire purchase creditors	886,683	1,938,432
Bank Borrowings	2,360,860	1,140,405
Deferred tax liabilities	1,684,622	1,684,622
	<u>4,932,165</u>	<u>4,763,459</u>
<b>Current liabilities</b>		
Trade payables	2,652,186	2,920,780
Other payables	1,644,780	1,038,857
Hire purchase creditors	2,219,220	2,302,087
Bank borrowings	366,133	669,498
Provision for taxation	878,160	432,400
Dividend Payable	-	1,051,094
	<u>7,760,479</u>	<u>8,414,716</u>
<b>Total liabilities</b>	<u>12,692,644</u>	<u>13,178,175</u>
<b>Total equity and liabilities</b>	<u>74,332,155</u>	<u>61,482,443</u>

( The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 JUNE 2007

	Attributable to equity holders of the parent				Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Retained Profits	Reserves			
	RM	RM	RM	RM	RM	RM	RM
<b><u>FINANCIAL QUARTER ENDED 30 JUNE 2006</u></b>							
As at 1 January 2006	12,000,002	14,287,051	10,630,910	259,831	<b>37,177,794</b>	-	<b>37,177,794</b>
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	-	<b>37,177,794</b>	-	<b>37,177,794</b>
Net profit for the period	-	-	6,150,293	-	<b>6,150,293</b>	-	<b>6,150,293</b>
Total recognised income and expense for the period	-	-	6,150,293	-	<b>6,150,293</b>	-	<b>6,150,293</b>
Issuance of ordinary shares pursuant to ESOS	2,000	8,200	-	-	<b>10,200</b>	-	<b>10,200</b>
As at 30 June 2006	12,002,002	14,295,251	17,041,034	-	<b>43,338,287</b>	-	<b>43,338,287</b>
<b><u>FINANCIAL QUARTER ENDED 30 JUNE 2007</u></b>							
As at 1 January 2007	30,031,255	27,300	18,245,713	-	<b>48,304,268</b>	-	<b>48,304,268</b>
Net profit for the period	-	-	7,274,659	-	<b>7,274,659</b>	-	<b>7,274,659</b>
Total recognised income and expense for the period	30,031,255	27,300	25,520,372	-	<b>55,578,927</b>	-	<b>55,578,927</b>
Share-based payment under ESOS				254,234	<b>254,234</b>	-	<b>254,234</b>
Issuance of ordinary shares pursuant to ESOS	2,846,250	2,960,100	-	-	<b>5,806,350</b>	-	<b>5,806,350</b>
As at 30 June 2007	32,877,505	2,987,400	25,520,372	254,234	<b>61,639,511</b>	-	<b>61,639,511</b>
	-	-	-	-	-	-	-

( The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2007**

	As at 30.06.2007	As at 30.06.2006
	RM	RM
Net cash generated from operating activities	9,456,142	447,502
Net cash used in investing activities	(4,627,144)	(816,131)
Net cash from / (used in) financing activities	<u>4,628,066</u>	<u>(2,524,242)</u>
Net change in cash and cash equivalents	9,457,064	(2,892,871)
Cash and cash equivalents at beginning of the financial period	6,775,198	7,649,563
Cash and cash equivalents at end of the financial period*	<u><u>16,232,262</u></u>	<u><u>4,756,692</u></u>
*Cash and cash equivalents at end of the financial period comprise the following:-		
Cash and bank balances	7,065,300	1,516,577
Bank overdraft	-	-
Deposits with licensed banks ( Note )	4,166,962	3,240,115
Short term investment	<u>5,000,000</u>	-
	<u><u>16,232,262</u></u>	<u><u>4,756,692</u></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 2006 and the accompanying explanatory notes attached to the interim financial statements.)		

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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 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 2006.

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 2006.

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

The auditors' report on the financial statements for year ended 31 December 2006 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 and financial period 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 and financial period ended 30 June 2007.

**A5 Material changes in estimates**

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

**A6 Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter and financial period under review except for the following :

**Employee Share Options Scheme ("ESOS")**

During the financial period ended 30 June 2007, the Company issued 28,462,500 ordinary shares of RM0.10 each for cash pursuant to the Company's ESOS at exercise price of RM0.204.

During the same financial period, the Company granted 32,000,000 new options at exercise price of RM0.42 to eligible employees and Executive Director of the Company and its subsidiaries. These ESOS shall be in force for a period of 1 1/2 years commencing from 8 March 2007.

**A7 Dividend paid**

During the financial period ended 30 June 2007, dividend amounting to RM1,051,094, being first interim dividend of 3.5% tax exempted for the financial year ended 31 December 2006 was paid on 15 January 2007.

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

**A8 Segmental information**

Segmental results for the financial period ended 30 June 2007 are as follows:

<b>Business Segment</b>	<b>Data and Document Processing</b>	<b>Software Development</b>	<b>Forms Printing</b>	<b>Others</b>	<b>Elimination</b>	<b>Total</b>
	RM	RM	RM	RM	RM	RM
External sales	18,788,980	7,280,337	25,200	-	-	26,094,517
Inter segment sales	-	1,017,600	1,363,332	-	(2,380,932)	-
Total operating revenue	18,788,980	8,297,937	1,388,532	-	(2,380,932)	26,094,517
Profit/(Loss) from operations	3,930,715	4,962,102	205,589	(618,929)		8,479,477
Finance costs						(167,767)
Interest income						2,797
Share of profit of associates						51,911
Profit before taxation						8,366,418
Income tax expense						(1,091,759)
Profit for the period						7,274,659
						-

**A9 Valuations of property, plant & equipment**

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

**A10 Material events subsequent to the end of the quarter**

The Board is not aware of any material events subsequent to the Balance Sheet date that have not been reflected in the financial statements for the period ended 30 June 2007.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter and financial period 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 2006 except for a corporate guarantee amounting to RM8.0million given by the Company to a financial institution for banking facilities granted to a subsidiary company during the financial period ended 30 June 2007.

**A13 Capital commitments**

The amount of capital commitments for the purchase of property, plant and equipment and investment not provided for in the financial statements as at 30 June 2007 was as follow:

Approved and contracted for

RM '000  
8,769

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

**A14 Significant related party transactions**

Related Transacting Parties	Related Parties and Relationship
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 30 June 2007 are as follows:

	Individual Quarter		Cumulative Quarter	
	30.6.2007	30.6.2006	30.6.2007	30.6.2006
	RM	RM	RM	RM
Provision of data and documents processing services to VPI	-	97,200	-	595,950
Management fee for the provision of project management / administration of data and document processing services to VPI	36,000	36,000	72,000	72,000
Billing of license fee for the usage of e-TALK and e-DOC software applications to VPI	-	36,000	-	72,000
Provision of software application development for data and document processing as well as data capture and conversion services to VPI	3,872,704	1,922,605	7,171,362	5,636,513

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 for the period ended 30 June 2007 of RM26.1million and RM7.3 million respectively represented growth of 22% and 18% compared to the previous year corresponding period. 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.

The Group's revenue and profit for the current quarter of RM12.7million and RM3.5 million respectively represented an increase of 36% and 9% compared to the previous year corresponding quarter. The increase in revenue and profit for the quarter was also attributable to the same reason stated above.

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

The Group recorded lower profit before taxation by RM0.28 million in the current quarter as compared to the preceding quarter. The marginal decrease in profit before taxation of 6% was due mainly to lower margin of software application development services rendered during the quarter under review.

**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	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM	RM	RM	RM
Current tax	531,667	370,007	1,091,759	908,709
Deferred tax	531,667	370,007	1,091,759	908,709

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 and financial period under review.

**B7 Marketable securities**

There were no purchases and disposals of quoted securities for the current quarter and financial period 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 23 Aug 2007, 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>Intended Time Frame</b>	<b>Balance</b>
	RM	RM		RM
R&D expenditure	2,000,000	1,923,886	2005 - 2007	76,114
New facility in Shah Alam	6,000,000	6,000,000	2005 - 2006	-
Branding & promotion	600,000	106,181	2005 - 2007	493,819
Working capital	8,700,000	8,700,000	2005 - 2007	-
Defray listing expenses	1,600,000	1,600,000	2005	-
	<b>18,900,000</b>	<b>18,330,067</b>		<b>569,933</b>

The Group expects to fully utilise the balance within the intended time frame.

**B9 Borrowings and debt securities**

The Group's total borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 30 June 2007, were as follows :

	<b>Short term</b>	<b>Long term</b>	<b>Total</b>
	RM	RM	RM
Hire purchase creditors	2,219,220	886,683	3,105,903
Secured bank borrowings	366,133	2,360,860	2,726,993
Total	<b>2,585,353</b>	<b>3,247,543</b>	<b>5,832,896</b>

**B10 Off Balance Sheet financial instruments**

There were no off balance sheet financial instruments as at 23 Aug 2007.

**B11 Changes in material litigation**

There were no material litigation as at 23 Aug 2007.

**B12 Dividend**

No dividend has been declared for the financial period ended 30 June 2007 ( 30 June 2006 : Nil ).

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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	
	30.06.2007	30.06.2006	30.06.2007	30.06.2006
	RM	RM	RM	RM
<b>Basic Earnings Per Share</b>				
Profit attributable to ordinary equity holders of the parent	3,511,798	3,232,580	7,274,659	6,150,293
Weighted average number of ordinary shares in issue	328,775,050	300,022,875	327,515,381	300,022,875
Basic EPS (sen)	1.07	1.08	2.22	2.05
<b>Diluted Earnings Per Share</b>				
Profit attributable to ordinary equity holders of the parent	3,511,798	3,232,580	7,274,659	6,150,293
Weighted average number of ordinary shares in issue	328,775,050	300,022,875	327,515,381	300,022,875
Effect of dilution of share options	5,336,747	12,649,468	3,509,150	12,649,468
Adjusted weighted average number of ordinary shares in issue and issuable	334,111,797	312,672,343	331,024,531	312,672,343
Diluted EPS (sen)	1.05	1.03	2.20	1.97

The Basic EPS for 2nd quarter 2006 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 120,009,150.

The weighted average number of ordinary shares in issue for 2nd quarter 2006 has been adjusted for the proportionate change in the number of ordinary shares to reflect the bonus issue allotted during that financial year.

The bonus issue of 180,000,030 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 Aug 2007.